

BEST FOR THE BUDGET

12-PAGE SPECIAL

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SHOPPING IN STYLE

Nigella Lawson on how
your clothes say who you are

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of buying anything at all

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BUDGET SUMMARY

Income tax

Basic rate tax cut by 1p to 23p.
Lower rate 20p band widened by £200 to £4,100.
Top rate 40 per cent threshold up £600 to £26,100. Basic personal allowance up £280 to £4,045. Married couple allowances up £40.

Motoring

Car tax discs up £5 to £145.
Petrol and diesel up 3p a litre.
Duty on road fuel gases cut by 25 per cent to encourage gas power.

Tobacco

Tax on packet of 20 cigarettes up 15p; 7p on small cigars; 8p on pipe tobacco; rise in the price of handrolling tobacco pegged to inflation to counter impact of smuggled tobacco.

Inheritance tax

Inheritance tax threshold raised to £215,000 from £200,000, equivalent to a 4-40 per cent increase in the threshold over a two-year period.

Alcohol

No change in beer and wine duty for second year running. Spirits down 4 per cent (20p a bottle). Alcopops face 40 per cent tax rise (between 7p and 8p a bottle) from January to address concern about under-age drinkers.

Air travel

Airport tax doubled to £10 from £5 for European flights and to £20 from £10 for rest of the world from next November.

Economy

Growth forecast of 2.5 per cent this year and 3.5 per cent next year. Underlying inflation expected to meet or undershoot target of 2.5 per cent and consumer spending to rise by 4 per cent next year.

Public spending

Spending forecast to fall to 40 per cent of GDP by 1997. Government running costs to be cut by 7 per cent by end of the decade.

Education

Spending on schools up by £830 million next year. £280 million to boost further and higher education over next two years, including £20 million next year for science equipment. Sale of student loans delat.

Tax and benefit fraud

Crackdown on VAT evasion. Spend to Save scheme, with £800 million to be spent over next three years on combating benefit fraud, to save up to £6.7 billion.

Clarke's 1p cheers Tories

Leaky Budget showers promises of prosperity

By PHILIP WEBSTER,
POLITICAL EDITOR,
AND JANET BUSH,
ECONOMICS CORRESPONDENT

KENNETH CLARKE cheered the Conservatives yesterday with modest tax cuts in a "virtuous" Budget promising steadily rising living standards while seeking to avoid higher interest rates in the run-up to the general election.

The Chancellor produced a well-timed, unimpeachable package whose underlying prudence was intended to rebuild voters' trust in the Tories' economic competence.

He shrugged aside an unprecedented series of leaks to unveil a "give-and-take" Budget. With one hand he announced a 1p reduction in income tax to 23p as part of £2.2 billion raft of cuts in personal taxation and alcohol duties. With the other he outlined £1.5 billion of tax increases including higher insurance premiums and airport taxes. 3p a litre on fuel, and 15p on a packet of cigarettes.

It left the Chancellor claiming that a family on average earnings would be £370 better off next year, and Tony Blair contending Tory tax rises had cost the typical family £2,120 since the last election.

The Budget contained a net tax reduction of £700 million. Although Mr Clarke announced big increases in spending on health, education and law and order, overall public spending will be cut by £1.9 billion, with an extra £500 million estimated to come from a "spend-to-save" campaign to close tax loopholes.

He also said that tax relief on profit related pay would be phased out — incurring Labour derision by saying the curb would not start until 1998 — and unveiled expected clampdowns on benefit fraud and tax evasion, and the benefits paid to single parents.

Mr Clarke and Treasury officials, with their eyes on the City reaction, were swift to claim that this amounted to a £1.7 billion "fiscal squeeze". Borrowing next

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year is forecast at £19 billion, £4 billion less than the Treasury's summer prediction.

However, initial City reactions were cool and attention immediately turned to Mr Clarke's next interest rate discussion with Eddie George, Governor of the Bank of England, on December 11. The money markets, which have already assumed a rise in base rates from 6 per cent to 7.25 per cent by the end of next year, did not budge in this view.

Labour officials were also quick to point out that, taking into account tax increases already in the pipeline, next year's overall tax burden would rise, a claim borne out by the Treasury's "Red Book" which charts public finances into the next century.

With a humorous and well-received 77-minute speech, Mr Clarke confounded predictions that the Budget would be an anticlimax after the leaking of many of its key proposals — a security breach which is now the subject of a Scotland Yard investigation.

He told MPs at the outset that while he was not going to play Santa Claus in the run up to Christmas, "this year I don't have to play Scrooge either". And he raised Tory spirits with the claim that it was not a Budget for the next few months but one "for many prosperous years ahead".

Besides cutting the basic rate of income tax by a penny to 23p, Mr

Clarke widened the lower 20p band by £200, and increased tax thresholds. Had he not done that, he said, he could have afforded a 2p cut in the basic rate.

The steady-as-she-goes package seemed to have won over Conservative MPs whose expectations had been carefully managed to accept that a giveaway Budget would have been viewed with suspicion by voters. John Redwood summed up the mood when he said: "It is not an election-winning Budget in the sense that it does not give away an awful lot of money that we can't afford to give away. That would have been wrong. So I think the Chancellor has made the right judgment and made sure that he is concentrating on running the economy well."

But Mr Blair, in an effective response that his backbenchers rated highly, branded it a "give with one hand, take with another" package. "One thing we now know for certain is that taxes will be higher at the next election than last and that the Conservative Party that fought the general election on the promise it would cut tax will — after all the changes made today — leave the average British taxpayer £2,120 worse off in tax."

"This is actually the last-gasp Budget of a government whose time is up, which can't be trusted with the future and can't make amends for the past."

For the Liberal Democrats, Malcolm Bruce said: "This Budget fools no-one — it is a triple Tory con-trick, a Budget of smoke and mirrors which does not deliver the lower taxes, lower borrowing and higher spending claimed by the Chancellor."

Although economists conceded that the Chancellor had avoided a pre-election giveaway, there was a strong consensus that the Budget still was not tight enough to counteract strengthening economic growth and head off Bank of England pressure for higher interest rates.



Roger Bootle, chief economist with Midland Bank, questioned the Chancellor's assertion that his Budget was both good economics and good politics, arguing that it failed on both counts.

He said: "This package was prudent and dull enough to leave Conservative backbenchers unexcited but not prudent and dull enough to stop Eddie George pressing for another interest rate

rise." There was also considerable consternation about the Chancellor's economic forecasts which showed Britain's underlying inflation rate falling — miraculously, some sceptics said — falling to the 2.5 per cent upper limit of the Government's target range next year despite accelerating economic growth.

And there was cynicism about the Chancellor's claims that he had cut public spending, particularly about his reliance on clawing back money through attacking tax avoidance and benefit fraud.

John Sheppard, chief economist at Yamaichi International Europe, said: "This is a shaky foundation for the Chancellor's forecast for improving public finances. It is the sort of thing Italy would get up to meet the Maastricht Treaty economic criteria."

Late-night paper chase for scoop

By ANDREW PIERCE, POLITICAL CORRESPONDENT

THE news that Westminster's best kept secret had leaked was broken to Downing Street by Piers Morgan, the Editor of the *Daily Mirror*, who asked: "Do you want your Budget back?"

Jonathan Haslam, the Prime Minister's press secretary, who took the telephone call at 7.20 pm on Monday, had heard that question many times before. "What are you talking about?" he demanded.

Less than two minutes later, he had his answer. One sheet of Treasury-headed paper, faxed from MGN headquarters to Mr Haslam, confirmed the worst government leak for fifty years. It detailed new income tax rates to be announced the next day and "promised a flurry of activity that almost culminated in the Chancellor of the Exchequer being called to the dispatch box to deliver sensitive parts of his Budget speech late that night."

The documents had been offered exclusively to the *Daily Mirror* on Sunday by Peter Hounam, a freelance investigative journalist with extensive contacts in Whitehall. Mr Hounam, a former *Daily Mirror* columnist who had acquired the papers over the weekend, spoke to the acting editor, Craig McKenzie. A sum of £20,000 was sought and a cash payment of £5,000 was agreed on Monday morning. It is not clear if any money was handed over.

Kevin Maguire, the *Mirror's* political editor, was spotted leaving the Palace of Westminster at 10.35 am on Monday and Mr Hounam in a coffee bar near Whitehall at about the same time. The papers were on Mr Morgan's desk by 11 am and confirmed as authentic at 11.15.

Eight hours later, having received the fax that confirmed the worst, Mr Haslam launched into a damage limitation exercise. John Major was told 18 minutes before leaving Downing Street for a black tie dinner at the Speaker's House in honour of the Queen and the Duke of Edinburgh. There, the news spread quickly. Some ministers at the dinner were reportedly informed by the Duke.

Kenneth Clarke was told by Jill Rutter, his press secretary, when he returned to the Treasury from Buckingham Palace where he had had a traditional 30-minute eve-of-Budget audience with the Queen.

Back at Downing Street, Mr Haslam had telephoned Mr Morgan by 7.30 pm to warn him an injunction was being sought to block publication. At 8.05 pm the injunction was granted.

Mr Haslam could not have known he was directing the Government's guns at the wrong enemy. Mr Morgan, having held a meeting of senior executives, had decided 30 minutes before not to publish.

But the *Mirror's* rivals, who had heard on the Fleet Street grapevine something was up, were not covered by the injunction.

Mr Morgan agreed that the Budget documents would be returned to their rightful owner that night and Anthony Harwood, the deputy night news editor, handed them to a policeman at the Downing Street gates at 10.20 pm.

The celebrations in Downing Street and the Treasury were short-lived. Some of the documents were Continued on page 2, col 5

Strict security, page 2

Chancellor rash to invoke the spirit of '36

By ALAN HAMPTON

KENNETH CLARKE was on shaky ground yesterday when he claimed that he had reduced income tax to its lowest level since the halcyon days of 1936, when Baldwin was in Downing Street and Edward VIII on his way to exile.

Supposed golden ages do not always bear close inspection. In 1936 Neville Chamberlain, the Chancellor, increased income tax by a hefty three pence to 4/6 (22½p) in the pound, the price of a pound of apples.

On the apple theory of economics, the present-day equivalent would have been Mr Clarke raising the basic rate yesterday by about 40p.

Mr Chamberlain, whose budget theme in that year of gathering clouds was "safety before comfort", reckoned that the increase would yield him an extra £12 million a year. Ever the smooth talker, he claimed that the move "would not seriously affect the improvement in trade or cause undue hardship." Yet in the same breath he further punished the British working man by slapping an

extra twopenny tax on a pound of tea.

The year 1936 was not a happy one, sandwiched as it was between the fag end of a worldwide depression and impending global conflict. Stanley Baldwin said it would be cowardly of him to receive the Jarrow marchers, who had walked to London to protest at 68 per cent unemployment in their town. A pound of sirloin was one shilling and sevenpence and a pound of tomatoes sixpence.

Fred Perry won the Wimbledon men's singles for the third successive year but the legendary cricketer

Wally Hammond did indeed score two Test centuries — 217 against India and 231 against Australia — although his very best performances were several years before.

And it was the year in which the economist John Maynard Keynes published a paper offering his solution to Britain's depression and unemployment: increase the money supply; bring down interest rates and stimulate investment by spending on public works. You would not mistake Kenneth Clarke for J.M. Keynes, or 1936 for a good year.

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Cheering news for distillers

The Scotch Whisky Association last night welcomed the cut in excise duty, which will knock 26p off the price of a bottle and narrow the tax differential between spirits and other alcoholic drinks. Hugh Morrison, the association's director general, said: "This cut is extremely good news for the industry at home and abroad."

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Stylish joker delivers the real thing with aplomb

As Kenneth Clarke spoke yesterday, uninsured whisky-tipping Scottish dukes driving gas-powered Bentleys, who roll their own cigarettes, whose wives do not work and who have a pathological fear of flying, will have raised their glasses in a grateful toast to a generous Chancellor. The rest of us scratched our heads and reached for the pocket calculator.

It was a brazen and stylish performance, containing many good jokes and washed down with nearly half a carafe of whisky and water. It met

from an unusually well-armed Tony Blair the most crackling Opposition response in recent memory.

The Budget speech was heard, as ever, by a packed chamber. Standards of exotic garb for the occasion have fallen sadly over the decades and we had to make do with the knobby knices of Bill Walker (C, Tayside N) in a dowdy kilt.

Mr Clarke was furnished not with the glass of whisky and water a Chancellor traditionally keeps at his elbow, but with a whole carafe. At one point he began refilling his glass at the same time as



MATTHEW PARRIS
POLITICAL SKETCH

explaining how he was going to eliminate fraud. Warning to his fiscal theme, the Chancellor forgot his right wrist, still pouring the whisky. He remembered in the nick of time, just as the glass brimmed to overflowing.

Up in the Strangers' Gallery, Mrs Gillian Clarke, her hair in a neat bun, looked on with the resigned despair of one whose husband is forever burning the toast.

As an entertainer, Clarke showed the wit, timing and polish of a seasoned performer with a pig of a script to deliver — and pulled it off. This Chancellor is not afraid to joke where others fear to tread. He began by chuckling that this was "the real Budget", not the leaked one. He said this was his last Commons speaking engagement of the week — "or so at the moment I expect". He ambushed his shadow, Gor-

don Brown, by claiming that "few serious commentators" disputed his forecasts, then (to Brown): "I hear some mutterings from the front bench opposite. I said 'few serious commentators'. He giggled.

Revealing plans to raise taxes on alcoholic soft drinks, he explained this would put up the price by about 7p a bottle — "for those of my hon friends who have not yet tried them", he added, grinning round at the Tories behind. Dame Jill Knight (Birmingham, Edgbaston), robed in a royal blue with the intensity of Quirk, looked grim: 7p on a bottle of Hooper's Hooch or

Two Dogs lemonade! Life in Edgbaston will hardly be worth living. "Myself," said Clarke, "I haven't yet been converted to bubble-gum flavoured alcopop." He took another swig of whisky.

The Chancellor told us that the basic rate of tax was the lowest for 60 years, then translated this into terms John Major, sitting beside him, would take on board: "not since Stanley Baldwin was Prime Minister," he said, "not since Wally Hammond scored a double century at the Oval." At the mention of Baldwin and Hammond, Mr Major grinned affectionately.

As Clarke sat down and the cheers began, I looked up at Mrs Clarke. She had been watching like an anxious mum. As the cheering intensified she relaxed, permitting herself a small, proud smile.

Then Tony Blair rose. Moments before, Peter Mandelson had rushed in with an envelope on which was written the figure 2120. This was handed to Mr Blair. "Two thousand one hundred and twenty pounds' worth of extra tax for the average family!" declared the Labour Leader, minutes later, with his customary supreme intellectual self-confidence.

Strict security suggests Budget leak was external

By Valerie Elliott, Whitehall Editor

THE official Budget papers released in a single pack yesterday weighed just over 2lb and contained 93 separate press releases from Whitehall departments. The bundle included the Budget statement delivered by the Chancellor, Kenneth Clarke, a summary of his speech, and the Financial Statement and Budget Report — the "Red Book" on public expenditure.

Since the weekend Treasury officials have been putting together the 3,000 packs which were escorted yesterday in vans by security guards to the House of Commons. Packing took place in the basement of the Treasury in a room facing the central courtyard. The task of delivering papers to the Treasury and collating them is complicated because each Whitehall department is responsible for the production and printing of its own documents and ensuring secure delivery to the Treasury.

These functions used to be carried out by a printing firm known as the Macaulay Press, which was part of Her Majesty's Stationery Office. Two years ago the firm became London Print Services, and remains an off-shoot of the privatised HMSO, which is now known as the Stationery Office. Staff are vetted before being employed and security on the premises is strict.

This year the Treasury had a contract with London Print Services to print the Red Book

and a Budget summary. However, the production of the Chancellor's Budget statement and other Treasury press releases were handled internally. They were composed on Treasury computers and copied by the department's photocopying unit before dispatch on Monday to the centre of operations in the

basement. Most other departments handled their press releases internally, but the Inland Revenue and Customs and Excise, with more than 30 announcements each, are understood to have used outside printers. The departments are entirely responsible for the security of this work.

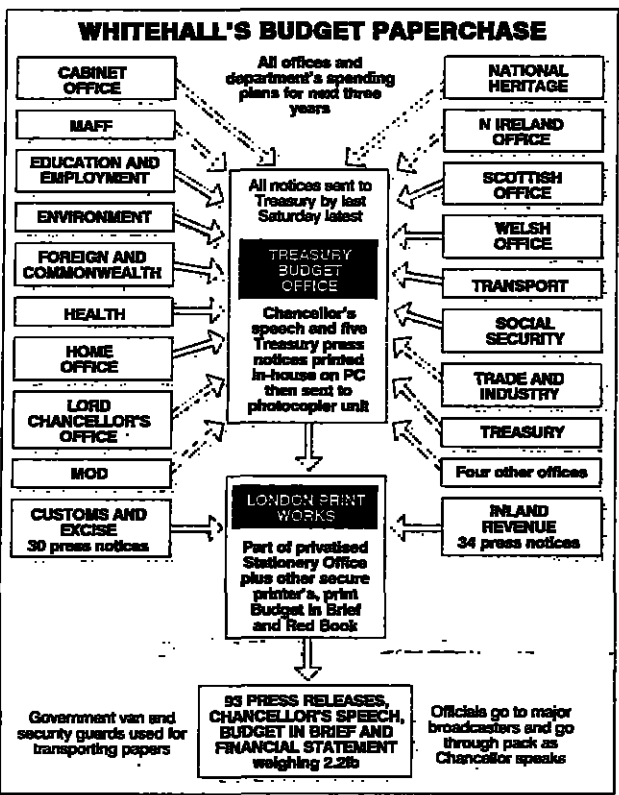
It is understood that the

contract usually includes the production of documents intended for traders and business people. This print run would not have formed part of the Treasury's own distribution of Budget packs. It is believed that some of these documents were among the papers leaked to the *Daily Mirror* on Monday and has prompted speculation that any leak must have come from outside Whitehall.

Budget material is moved around Whitehall and the Treasury in plain double packaging known as W-wrapped envelopes, usually an envelope within an envelope. Spot checks are made by senior Treasury officials to ensure that civil servants have properly taken charge of documents entrusted to them.

A senior Treasury official is responsible for Budget security and his task begins in the spring, when a core group of senior officials hold their first meeting to discuss possible material for inclusion in the Budget. As officials are drawn into planning they are each given a sheet of instructions on how to deal with their personal documents.

Each official is given personal responsibility for the physical security of their numbered documents, which are contained in buff-coloured files marked "Secret Budget List Only". He or she must register any copies made and name the recipients.



Piers Morgan broke the news to Jonathan Haslam, the PM's press secretary

Late-night battle for a scoop

Continued from page 1
apparently missing. Mr Haslam was back on the telephone to the newspaper. Then news came through of a further and more damaging leak — this time from the *Daily Mirror*.

The conference of executives that had decided not to publish had been heavily influenced by David Montgomery, the chief executive. But not everyone present agreed with the decision, and while some were happy simply to brag about the scoop that might have been, others were soon complaining to newspaper friends about the

way the story had been killed. Word reached Stuart Higgins, the editor of their rival, *The Sun*.

The Sun moved quickly. The first edition was ripped up and later editions contained some of the highlights of Mr Clarke's speech, including the 1p in the pound off the basic rate of income tax, abolition of tax relief on profit-related pay, heavier tax for company drivers and lower corporation tax.

Only one detail was wrong. *The Sun* claimed the threshold for inheritance tax was to be widened to £250,000 when in fact it was £215,000. But

that was human error. The copy typist who took down the details had misheard the figure.

Shortly after 11pm, Jonathan Haslam and Jill Rutter realised that *The Sun* had picked up the story and that they had lost the battle to keep the lid on the Budget secrets, which they thought they had won three hours earlier.

Downing Street and the Treasury were so alarmed about the effects of the disclosures on the international money markets that they discussed the possibility of the Chancellor making an unprecedented appearance at the dispatch box to announce some of the price sensitive measures 15 hours early. But the plan was never implemented, not least because the Commons had risen at 10.30 pm.

There was also talk of calling in journalists for a pre-Budget briefing yesterday morning — a tactic that had reassured the markets when the Canadian Government's budget was leaked in the 1980s.

There was a sense of controlled panic pervading the air, one official said yesterday. "We wanted to avoid at all costs sending in the Chancellor to give out half his Budget statement the night before."

Peter Hounam, who has worked for *The Sunday Times* and broke details of Israel's secret nuclear programme in the 1980s, was not responding to calls yesterday. He now works for Vision Paperbacks and Saturn Publications in Covent Garden, London.

At the *Mirror*, the jury is out on the Editor's decision not to publish. His critics believe that he wanted to appear responsible after having for his paper's anti-German rhetoric during the Euro 96 football tournament. But Mr Morgan said: "We had the scoop. We embarrassed the Government. We sold more copies."

Strict security, page 2

Indignant printers deny responsibility

By Valerie Elliott and Daniel McGrory

STAFF threatened with redundancy at the newly privatised Stationery Office were incensed yesterday that they were being identified as a possible source of the Budget leak.

The leak is nevertheless embarrassing for unions who are campaigning against plans by the Stationery Office to cut 900 jobs out of 2,500. Yesterday the company began an internal investigation into the possible source of the leak and to ascertain if all safeguards were carried out in printing and delivering the documents. Management will meet unions today to discuss restructuring the company.

Even without yesterday's Budget leak, the privatisation of Her Majesty's Stationery Office has been marked by controversy. The Government last month reached a £54 million deal with an Electra Fleming consortium, headed by Rupert Pennant-Rea, former Deputy Governor of the Bank of England, even though City analysts had estimated the sell-off would make £140 million.

MPs from all parties have also been concerned about

security for official documents and for the continued publication of *Hansard*, Parliament's official record.

It was only on Monday that staff at London Print Services, part of the Stationery Office, that was contracted by the Treasury to produce the Red Book detailing public expenditure and the Budget in summary, learnt that 88 out of their 96 jobs were under threat.

Staff at the London Print Services premises, 500 yards from the Labour Party headquarters in Watworth Road, southeast London, had been told not to talk to the media. But some indignantly insisted that they had not leaked material to embarrass their new owners.

A printer who had worked for the HMSO for 13 years, and who, like his colleagues, had signed the Official Secrets Act, said: "I and everybody else here abide by those regulations. Morale is already shattered by the redundancy news and now we are being accused of being cheats. We work hard and have never breathed a word of what we see. I don't even tell my wife."

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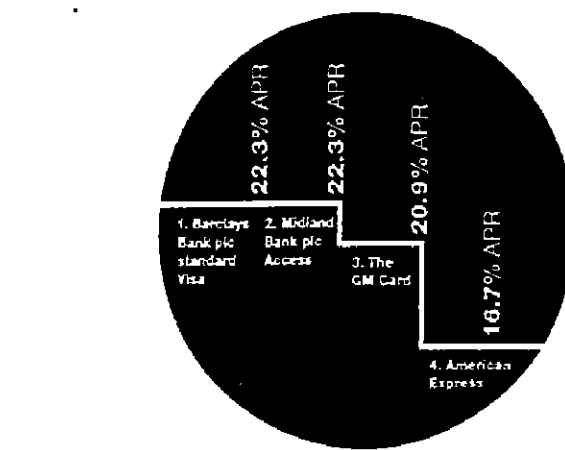
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McAliskey fights extradition

The eldest daughter of the former nationalist MP Bernadette McAliskey flew from Belfast into Heathrow under a police guard yesterday afternoon to prepare for extradition proceedings to Germany.

German federal prosecutors want to question Ms McAliskey, a 25-year-old graduate of Queen's University, Belfast, about the IRA mortar attack on the British Army barracks in Osnabrück in June. She was arrested on a provisional warrant by the RUC and has been in police custody since last Wednesday. She is wanted for questioning about attempted murder and possessing explosives.

A Home Office spokesman said: "The Germans now have 40 days in which to make an extradition application. They have not done so formally yet."

Pill addict sues her doctors

A woman addicted to a drug prescribed for anxiety 21 years ago is suing her doctors for £100,000 for negligence. Christine Kennedy, 45, from Glasgow, who has two children, told a court in Edinburgh yesterday she was prescribed four pills of Equanil a day in 1975. In a few months, the prescription was 11 a day, but no warning was given that it was addictive. The three doctors deny negligence.

Former MP in critical condition

Former Labour MP Ted Leadbitter was in critical condition in hospital last night after a car crash on Sunday near his former constituency of Hartlepool, Cleveland. Mr Leadbitter's car is believed to have run into the back of a lorry parked on the hard shoulder. Mr Leadbitter was the MP who, in 1979, exposed Sir Anthony Blunt, the Surveyor of the Queen's Pictures, as a former Soviet agent.

Buerk mourns dead colleague

Michael Buerk pulled out of reading last night's BBC *Nine O'Clock News* to mourn a close colleague, the award-winning cameraman Mohamed Amin, who died in the Ethiopian Airlines crash. Mr Buerk was flying to Nairobi for Mr Amin's funeral. In 1984, they worked on the television reports of the Ethiopian famine that caused public outrage and prompted the Live Aid concert.

Robert the Bruce lost front teeth

Robert the Bruce had four front teeth missing and a serious injury above his left eye, scientists in Edinburgh disclosed as they unveiled a computerised facial image created by a forensic pathologist and a terracotta head created by a dental pathologist. The injury was possibly caused by a sword or an axe. The head is on display at the National Portrait Gallery in Edinburgh.

Europe gets too big for its boots

A 16-year-old boy has had to give up his chosen career as a plasterer because his size 16 feet are too big for European regulations on protective footwear. David Anku from Haworth, west Yorkshire, has been told that work boots with reinforced toe-caps lose their strength at such a length and do not conform to European safety rule EN345. He may now have to train as a sports coach.

Major resists talks threat from IRA

By Nicholas Watt, Chief Ireland Correspondent

JOHN MAJOR is standing firm in the face of threats from the IRA and has rejected a demand from Sinn Féin to be allowed into the Stormont talks immediately after any IRA ceasefire.

The Prime Minister is understood to have told John Hume, the leader of the SDLP, that the Government will want cast-iron guarantees from republicans that a renewed IRA ceasefire will last and will not be a tactic.

Gerry Adams, the president of Sinn Féin, said yesterday he feared that the Government would reject his call to be allowed into talks immediately after a ceasefire. He said: "The British appear to be poised to reject the proposals put to them. If what we are hearing is accurate then all

they are doing is postponing the opportunity for peace."

Mr Adams gave a veiled warning of further IRA violence when he said that his job would be made "very, very difficult indeed" if Mr Major rejected his four-point plan. He also played down the prospects of an IRA ceasefire when he said: "There isn't any evidence to suggest that the IRA is contemplating any unilateral initiative like that."

Mr Major wrote to Mr Hume after the MP for Foyle passed on the IRA's terms for a renewed ceasefire to Downing Street. The four-point plan calls on the Government to: allow Sinn Féin into the Stormont talks soon after a ceasefire; set an "indicative

timeframe" for the talks so that they move to substantive issues quickly;

make clear that terrorist weapons will be dealt with in line with the Mitchell report, which calls for arms to be decommissioned once there is progress in political negotiations;

introduce confidence building measures, including the release of some terrorist prisoners and reforms to the RUC.

The IRA has endorsed the demands, but is threatening to resume violence in Northern Ireland and on mainland Britain if Mr Major fails to respond positively. Mr Major made clear yesterday that the Government would not be intimidated. He told the Commons: "If there is any suggestion that terrorism will

bring Sinn Féin to the negotiating table it emphatically will not bring them to the negotiating table."

Gerry Adams is claiming £10,000 damages in a court action against the RUC. He claims he was held for four hours at a roadblock in Belfast in June.



Parishes face £27m bill for new pension fund for vicars

REPORTS BY RUTH GLEDHILL, RELIGION CORRESPONDENT

ANGLICAN worshippers are to be asked for £27 million a year to pay vicars' pensions under a measure agreed by the General Synod yesterday.

A new pension fund is to be set up in the wake of the £800 million property losses in the late 1980s by the Church Commissioners, who manage the Church of England's £2.7 billion assets. Pension liabilities of £77 million a year, which have more than doubled in a decade, will continue to be paid out of the Church's historic assets.

The plans, which are to go before Parliament for approval before the general election, envisage that the fund will be launched in 1998. For the first time the 11,000 retired clergy outnumber the 10,500 in service, and the fund is considered essential if clergy of the future are to have their pensions paid.

The new commitment will amount to about 50p a week for every churchgoer, on top of the £3.67 they already give on average. Some will have to

meet a greater share of the costs, however, because some parishes, particularly those in poor areas, already struggle to pay the increased demands for clergy stipends made during the past few years.

The Archbishop of Canterbury, Dr George Carey, recently appealed for extra funding to come from the State for church buildings, saying that parishes were already overburdened by the cost of repairs.

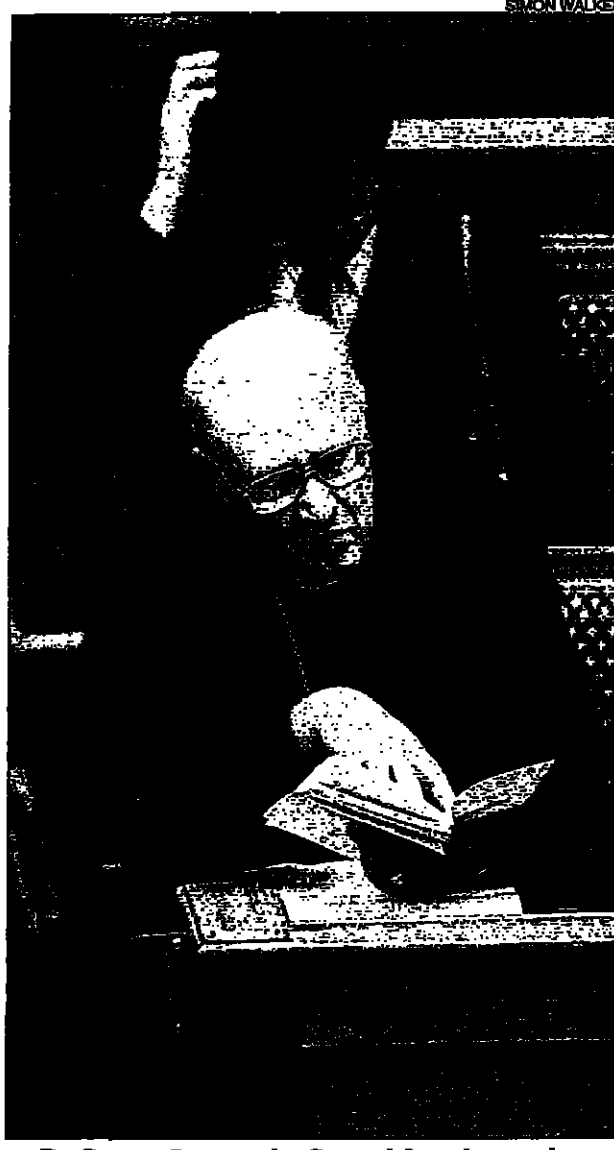
Defending the proposals, Sir Michael Colman, First Church Estates Commissioner, who was brought in to resolve the Church's financial problems, said: "I would urge synod members to remember where we started three years ago. The Church has adjusted to higher payments since 1988. It has faced up to the realities of the situation."

Initial plans to transfer £1.3 billion, half of the Church's assets, to the new pension fund have been shelved after MPs complained that the Church was in effect planning

to sell off the family silver. Other proposals, including cutting the number of Church Commissioners from 95 to 15, have also been amended. It is now envisaged that there will be 30 commissioners to manage the Church's assets.

Timothy Hind, of Wells, Somerset, said: "Until recently, the cost of pensions was paid by the departed church. This is not an option for the future. The living church has to pay for its mission."

Presenting the proposals to the synod in Westminster, the Right Rev Barry Rogerson, Bishop of Bristol, said it was necessary to ensure that clergy felt secure in the knowledge that their pensions would be paid. Bishop Rogerson addressed the problem of what would happen if parishes failed to provide the money: "It is assumed that, if payments are not made, then it becomes the responsibility of the Church of England as a whole so to order our common life that we may support each other."



Dr George Carey at the General Synod yesterday

Church finds just cause against marriage banns

THE tradition of reading the banns of a couple about to be married in the Church of England could soon end after the General Synod decided yesterday to find an alternative.

In a 15-minute debate that may sweep away 800 years of tradition, a speaker said that the banns were a "medieval anachronism" and there was a need to give marriage a more human face. The banns, when the con-

gregation are asked to declare if they know of any "just cause or impediment" why the couple may not be joined together, are read three times before the wedding.

Canon Richard Hanford, Vicar of Ewell, Surrey, said: "The Church of England should not be seen to be defender of the quaint." Introducing a private member's motion to "obviate the need" for banns of marriage, he

argued that most of those whose banns were read in church had never darkened its doors.

"My experience has taught me that when couples hear about banns and fees and form-filling and trips to other churches, so people they don't know can not sagely and see no cause or impediment why Darren and Tracey should not get married, they are amazed," he said. "It is as if the church is

not encouraging people to get married."

He criticised the "curious obsession" with legal impediments to marriage, and said the banns dated from the medieval Church's view of "consanguinity, clandestinity and the nature of consent". Mr Hanford added: "In 30 years as a parson, I have never once heard any objection to the marriage banns."

Anglicans 'must fight hardcore of racism'

THE racism which was a feature of the post-war Church of England has declined, but there is still a hard core of resistance which proclaims: "We have no black people here, there is no problem," the General Synod was told.

Dr John Sentamu, Bishop of Stepney and a former Ugandan judge, said such attitudes showed the Church still had "considerable ground to cover" in addressing racism within its ranks. Describing how thousands of Anglican immigrants, especially from the Caribbean, were "frozen out" of the Church when they arrived here after the Second World War, he said the Church was now at the fore in challenging racism.

Dr Sentamu, opening the debate on the report "The Passing Winter", which describes how different dioceses are tackling racism, said racial harmony was not simply the absence of conflict. Understanding and justice could set people free "to make their own distinctive contribution to our common life".

The Ven Kenneth Gibbons, Archdeacon of Lancaster, pleaded for help for those parishes in the "white highlands", where worshippers rarely came into contact with people from other ethnic groups. "There are places where there are few black faces to be seen," he said.

But Canon David Gillett, of Bristol, said: "You cannot watch television and be unaware of the issues of racism and ethnic diversity that are bombarding us, day in and day out." Every individual had to determine whether their reaction to these images was "Christ-like or demonic".

Briton 'pursued by Cambodian captors'

The Briton captured in Cambodia by Khmer Rouge guerrillas eight months ago is being pursued by hardliners with orders to kill him. Prince Norodom Ranariddh, Cambodia's Prime Minister, said in Phnom Penh last night. However, Prince Ranariddh said that Christopher Howes, 36, a mine-clearing expert from Bristol who is believed to have escaped with a group of defecting guerrillas, would be released within a few days despite the threat. He would be flying to the north of the country to supervise the operation. The Foreign Office welcomed the prince's comments cautiously but said it had no further information.

Rethink on Crime Bill

The Government is redrafting its Crime (Sentences) Bill after criticism that up to 30,000 prisoners could end up serving less time in jail than at present. The move came as the Howard League said that the prison population had risen by more than a third to 58,217 since Michael Howard became Home Secretary three years ago.

Four killed in crash

An underage driver, recently diagnosed as an epileptic, and three passengers died when their car ploughed into a wall. Christopher Darby, 16, of Nuneaton, lost control on the B4114 Lutterworth Road outside Nuneaton, Warwickshire. He and Gavin Knights, 20, Emma McGee and Claire Hughes, both 16, died instantly. Two others were injured.

Child pornography case

A father of two who used computers at Newcastle University to collect child pornography from the Internet has been fined £1,000. Graham Warren, 34, a researcher of Blyth, Northumberland, admitted ten specimen charges at Newcastle Magistrates' Court of possessing indecent photographs of children.

Baby mauled by dog

A two-week-old boy was recovering in hospital last night after he was mauled by the family dog. Brandon Rouse was bitten on the head after the dog leapt into his pram at his home in Bean, Kent, on Monday night. The child's father and aunt pulled the animal away from the child and yesterday it was to be destroyed.

Cluedo mystery solved

The hunt for the inventor of the murder mystery game Cluedo is over. Anthony Pratt, who devised the game in 1948, died two years ago and is in Bromsgrove Cemetery, Birmingham. "Unfortunately Mr Pratt did not leave a wife or children," makers Waddingtons said. "He died of natural causes, aged 89. There were no suspicious circumstances."

Dead fireman honoured

The widow of an off-duty fireman who died trying to



rescue a young girl from a frozen lake, was presented with a posthumous George Medal by the Queen. Michael Mee, 48, right, and Jack Crawshaw, 51, a retired grocer, tried to save Tracey Pattison, 11, at Hemsworth Water, Park, near Pontefract, west Yorkshire, last December. The girl had fallen in after following a dog. Mr Mee and Mr Crawshaw, whose family also received a George Medal, fell into the water when the ice collapsed. All three drowned. Elizabeth Mee said: "We never expected to be at Buckingham Palace. I see this as a new beginning - as I know Michael would have done." Since 1977, when it was decided the George Medal could be awarded posthumously, there have been only 18 such awards. The medal for civilian gallantry is second only to the George Cross.

Legal claims for job stress likely to rise

BY FRANCES GIBB
LEGAL CORRESPONDENT

LAWYERS are predicting a big rise in claims against employers for stress and harassment on the strength of a survey reporting widespread bullying at work.

The research findings, based on a survey of 1,000 adults, are expected to show that two thirds of people have witnessed bullying or harass-

ment, and as many as one in two has experienced it personally in one form or other.

The findings will be released at a conference on Friday in London organised by the Institute of Personnel and Development.

Jill Earnshaw, lecturer in employment law at the University of Manchester Institute of Science and Technology, said that, increasingly, employees are pursuing claims of stress-

related illnesses. "More and more employees are being subjected to acute stress at work. In the retail sector, for instance, people working in shops face violent attacks, and in building societies and banks, hold-ups. Then in the public sector, people are increasingly at risk from attacks by mental patients."

She said that two key court rulings had helped to pave the way for stress claims based on

the law of personal injury: the recent ruling that policemen who helped at the ground at the Hillsborough stadium disaster were entitled to damages, and the case in which a social worker was paid £175,000 by Northumberland County Council after he had a nervous breakdown.

No other cases have yet reached a High Court ruling but several stress claims are believed to be in the pipeline.

Mock L-test aims to drive up pass rate

BY JONATHAN PRYNN, TRANSPORT CORRESPONDENT

NERVOUS learner drivers are to be offered the chance to sit a mock test with a government examiner to help them to overcome their fears.

Learners will pay about £35 for the dummy test, to be carried out a few weeks before the real thing. It will be followed by a briefing by the examiner on the candidate's strengths and weaknesses, including those that would have made him or her fail.

However, the proposed scheme, which is likely to be introduced on a pilot basis in the Midlands in February or March, was condemned by the British School of Motoring. Richard Glover, its managing director, said he was horrified by the plan from the Department of Transport's Driving Standard Agency

(DSA) and was considering legal action. The company already offers its own mock tests.

"The DSA is a testing organisation and a mock test is not a test, it is training and assessment. For the DSA to set itself up in competition with instructors is going to cause very serious problems," Mr Glover said.

Bernard Herdan, the chief executive of the DSA, said only a handful of driving schools offered mock tests. But the scheme would go ahead only with the approval of the instructing industry after consultation.

Mr Herdan said that a similar pilot scheme in Holland had lifted the first-time pass rate from about 45 per cent to 60 per cent.

Train driver not warned of blocked line ahead

BY PAUL WILKINSON

POOR communications prevented railway staff from warning a driver that the track ahead was blocked by a derailed train, an inquest jury was told yesterday.

By the time he saw the obstruction it was too late and his train ploughed into the wrecked carriages, killing Stuart Wilson, the conductor. Mr Wilson, 47, from Leeds, was hailed afterwards for giving his life to ensure that his passengers had escaped before the oncoming train struck.

The inquest in Carlisle was told that Mr Wilson was on a two-car service from Carlisle to Leeds in January last year. Flooding forced it to turn back near Kirby Stephen, Cumbria, but it was derailed by a landslide as it swapped tracks and came to rest straddling both lines.

John Turner, the driver, activated an emergency button in his cab linked to controllers in Crewe but the second train had already left Kirby Stephen and there was no way to contact it. Mr Turner said: "The weather was terrible, there was heavy rain and it was very black. My visibility was poor. I never saw the landslide. I just hit it. I was probably doing 60mph at the time."

Gavin Mountain, the other driver, said that when he arrived at Kirby Stephen no one had warned him about flooding ahead. "All of the signals were in a clear position and I had to proceed as normal."

The inquest continues.

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Patients wait as hospitals struggle to balance books

By JEREMY LAURANCE AND DOMINIC KENNEDY

SIGNS of increasing pressure on the NHS emerged yesterday in a frank discussion by health authorities and hospitals to balance their books.

Documents seen by *The Times* show that in West Surrey, the local health authority is planning to cut eight common operations by 40 per cent to save £1 million, and a hospital in south London is juggling its waiting lists to maximise its income.

The measures are the latest indication of the difficulties facing the NHS, which is struggling with its tightest financial settlement for a decade. Many health authorities are over-spending and some have postponed all non-urgent surgery until the next financial year.

West Surrey Health Authority is to impose big reductions in certain procedures, including

hysterectomy and insertion of ear grommets, which it says are of "variable benefit". Local doctors claimed the cuts threatened the principle of a universal NHS.

The health authority is facing an £11 million overspend this year. A paper drawn up for the authority by the Director of Public Health, seen by *The Times*, proposes cutting provision of eight surgical procedures to 60 per cent of the average in South West Thames.

As well as grommets, which are used to treat glue ear, and hysterectomies, the list includes operations on adenoids, tonsils, haemorrhoids and varicose veins, circumcision and endoscopies (internal investigation of the gut).

A ninth procedure, vasectomy, should be withdrawn altogether from availability on

the NHS, the paper says, in breach of guidance issued by the Health Department earlier this year.

Dr Alan Close, a GP fundholder in Woking, said cutting procedures such as adenoidectomies was very contentious. "It will hit the working classes who have hearing problems and then develop educational problems. It undermines the principle of a universal NHS," he said.

By imposing the reductions across the board, the health authority had hoped to avoid charges that it was creating a two-tier service. A spokesman for the authority said the size of the reduction and the operations affected have still to be agreed by the full health authority. He said: "The difficulty with many of these procedures is that it is impossible to know before you start

who will and who will not benefit."

In south London, an NHS trust has begun shuffling patients on its waiting list to save money. A memo to surgeons at St Helier Trust says the hospital has treated too many patients from some health authorities and not enough from others. It proposes juggling appointments to ensure more of the outpatients treated come from authorities that have not overspent their budgets.

The memo says that up to one in five appointment slots will be reserved for non-urgent patients from "selected purchasers" who will get speedier treatment.

The Merton and Sutton Community Health Council said the move prioritised patients on the basis of money rather than need.



Work began yesterday to move the turf from Wimbledon's No 1 Court to a new venue. It will take three days to dig up the grass surface in preparation for the demolition of the arena, which is to be replaced by an 11,500 capacity stadium. Although the arena has reached the end of its life after 72 years, the grass will continue to play host to top-class tennis. Tomorrow it is due to be bundled up and taken by lorry to Eastbourne, East Sussex, where it will be laid on Devonshire Park international tennis centre's main court. A spokesman for Wimbledon said: "We wanted the turf to remain in Britain and if it had been sold at auction it could have gone to a private bidder from abroad." The £100,000 cost of buying and moving the turf, as well as purchasing some of the seats and memorabilia from the court, is being met by the Lawn Tennis Association, Direct Line Insurance and Eastbourne council. The council said: "Eastbourne is proud to continue the traditions of Wimbledon."

SATURDAY
IN THE TIMES



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GIFT GUIDE
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Doubt cast on forecast of CJD deaths

By MICHAEL HORNBY
AND NIGEL HAWKES

AN EXPERT on infectious diseases cast doubt yesterday on predictions that hundreds of people will die every year from the new strain of CJD, the condition linked to eating contaminated beef.

The forecasts of the likely death toll from the human form of "mad cow" disease are contained in a paper submitted to *The Lancet* by scientists at the National CJD Surveillance Unit in Edinburgh. The journal said yesterday that the paper has been circulated for peer review and no

decision has yet been taken to publish. It refused to discuss the paper's findings.

Professor Roy Anderson, of the Wellcome Trust Centre for the Epidemiology of Infectious Diseases at Oxford University, said it was impossible to extrapolate forwards from the incubation period of the new strain of CJD was unknown and there had been only 14 confirmed cases so far. "My own view is that it is very difficult to say anything sensible scientifically about this issue at present," he said.

Professor Anderson also said that the Government's cull of cattle over 30

months old could eradicate BSE by mid-1998, three years earlier than previously predicted. He estimated that about only 150 animals under that age were still carrying the disease.

The Department of Health said officials had not yet seen the paper. "We recognise the need to try to make predictions, but at this stage any forecasts must be viewed with extreme caution," a spokesman said.

Scientists generally agree that the risk from infected beef peaked in 1988-89 when the number of cattle incubating the disease was highest and the most infective parts were still going into human food.

Man dies in food poison outbreak

AN 80-year-old man has died from an outbreak of food poisoning that has hospitalised 85 people. The unnamed man, who contracted *E. coli* 0157, died in Monklands District Hospital, Lanarkshire Health Board said.

Investigators into the outbreak have centred on a cooked meat bought from a butcher in Wishaw, Lanarkshire, but other sources have not been ruled out. Dr Sayed Ahmed, consultant in public health medicine at the health board, said that 85 people had shown symptoms consistent with infection from the bacteria. Of those, 68 are adults.

Dr Ahmed said that nine adults and one child were giving cause for concern. At present, 40 people are being treated in hospital and of these 33 are adults. He also confirmed that one child, believed to be a girl aged seven, is stable in a Glasgow hospital where she is undergoing dialysis treatment.

Rare but deadly gut infection



INFECTION with *E. coli* 0157-H7 is one of the most complicated forms of food poisoning but is so rare in this country that even the most hypochondriac of people need not worry about it. Those who are not put off eating beef by BSE are unlikely to reject under-done steak on account of such an uncommon organism.

This year there have been three notorious outbreaks of *E. coli* 0157 that have attracted attention. In Japan, slovenly attitudes to hygiene in wholesale butchery caused an epidemic that threatened to close schools over a large area of the country. In some Japanese communities to be a butcher is to be virtually

untouchable, so that the people who enter the trade are not usually of the highest calibre, have little self-respect and are poor pupils when it comes to learning about public health.

This autumn 65 people in seven American states contracted *E. coli* 0157 as a result of drinking contaminated unpasteurised apple juice.

The outbreak in Scotland is similar in size to the American incident but the cases are concentrated in a small area. Suspicion has been cast on cooked meats served at various functions in the district. The butcher whose premises are suspected of harbouring the organism is, unlike his Japanese counterparts, a highly respected man in the local community and admired for both the standard of his meat and the care he takes to meet his customers' needs.

All animal guts, including those of humans, are teeming with *E. coli*. Most strains are compatible with health and perform a useful function. Every country, and every district within it, has its local types of *E. coli* and travellers' diarrhoea occurs when a tourist is suddenly exposed to an alien strain of the organism.

Some types of *E. coli* are pathogenic and can cause gastroenteritis, and there are a few serotypes, of which *E. coli* 0157 is the most common, that cause haemorrhagic colitis, a bloody diarrhoea. The patients in Scotland are now suffering from haemorrhagic colitis caused by infection with *E. coli* 0157. Usually about 24 hours after infection the patient develops severe abdominal pain and profuse diarrhoea. Much blood is lost. The patient's temperature rises to 103°F.

In the early stages of the disease a certain number of elderly, or very young, patients will succumb to the infection. Others, about 5 per cent, will in the second week after infection develop haemolytic uraemic syndrome (HUS), or thrombotic thrombocytopenic purpura which are two related, dreaded complications of haemorrhagic colitis. Patients with those complications are liable to suffer from sudden breakdown of their red blood cells and acute kidney failure.

In HUS most younger patients will recover, provided that renal dialysis is available, but the elderly are at greater risk. In the American outbreak caused by the apple juice, three patients developed HUS, of whom one died. If women develop HUS when pregnant they are unlikely to recover renal function.

DR THOMAS
STUTTFORD

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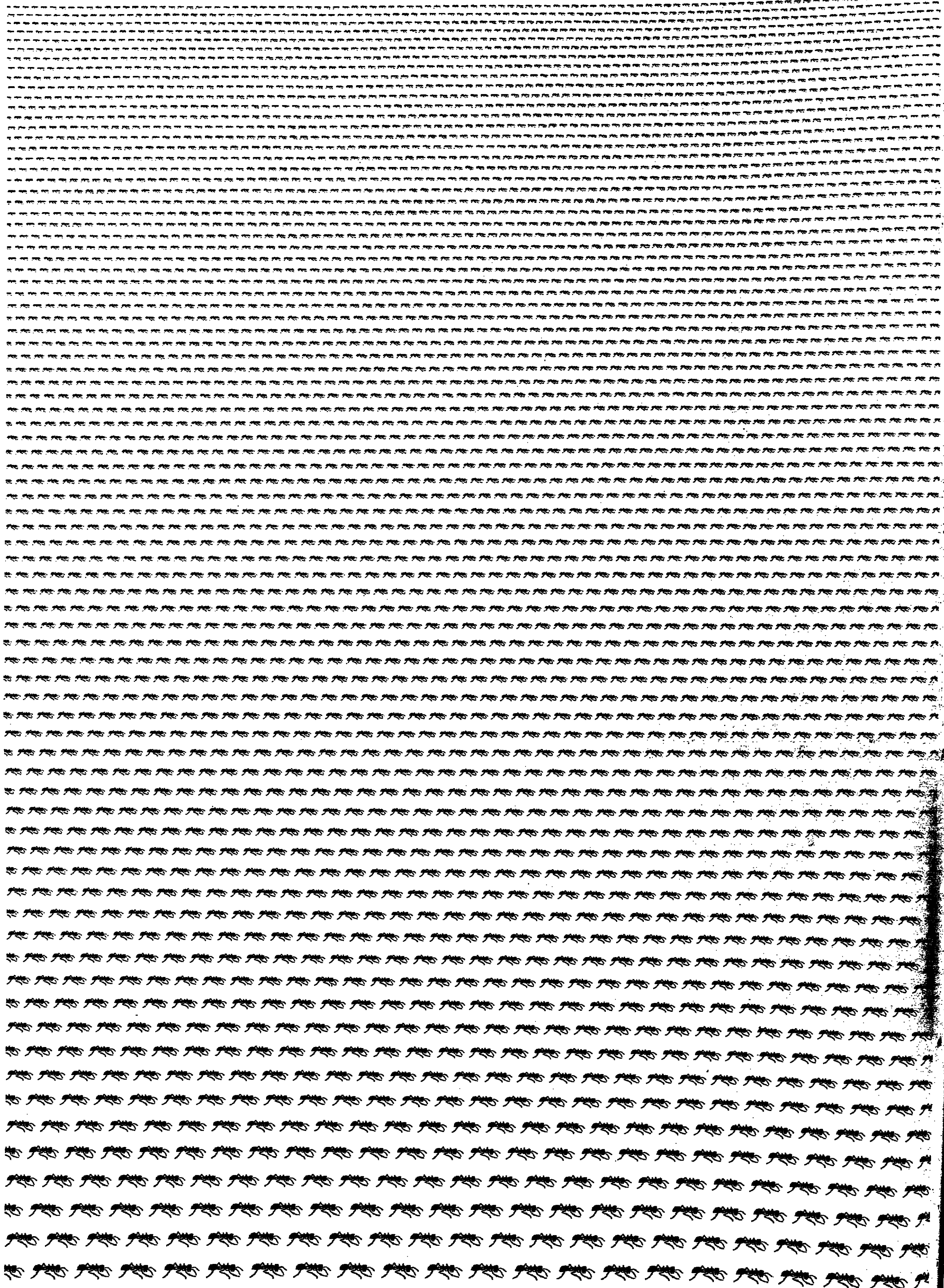


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150 مائة الاصل

MoD to pay £6m damages for radioactive leak



Aldermaston: radioactive waste spread after 1989 storm

By MICHAEL EVANS
DEFENCE CORRESPONDENT

THE Blue Circle industrial group was awarded £6 million in damages yesterday for radioactive contamination of its land by the Atomic Weapons Establishment at Aldermaston.

Mr Justice Carnwath ordered the damages under the 1965 Nuclear Installations Act, which also imposes "strict liability for personal injury caused by radioactive materials which escape from a site". The Ministry, which will have to pay the £500,000 costs of the four-day High Court hearing, said that it was considering an appeal.

Blue Circle owns a 137-acre estate

with offices and a 34-bedroom conference centre next to the Atomic Weapons Establishment, which designs and develops nuclear warheads. High levels of plutonium and uranium were found after ponds at the establishment flooded marshes and a lake on Blue Circle's estate during a storm in 1989.

Antony Edwards-Stuart, for Blue Circle, said that 1,000 cubic metres of soil that was contaminated with plutonium 1,000 times above normal background levels had been excavated from the estate. The contamination continued, however, and had halted sale of the property and discouraged customers.

Mr Edwards-Stuart said that the establishment's ponds had accumulated low-level radioactive waste

which was washed down a stream during the storm on to Blue Circle's Aldermaston Court Estate. The Atomic Weapons Establishment carried out a survey after the flood and found alpha- and beta-radiating plutonium and uranium, the High Court was told. However, details of the contamination were not disclosed by the Ministry until 3½ years after the flood, when Blue Circle was trying to close the sale of the estate for £10 million. The sale fell through when the purchaser, Sun Microsystems, found out about the contamination. The estate has remained unsold.

In his judgment, Mr Justice Carnwath said that the Ministry had

paid nearly £350,000 to excavate radioactive material from the site but had denied liability for any further costs or for the effect of the incident on the sale or value of the property.

He concluded that there was a 75 per cent chance that the sale would have gone ahead at the agreed terms if the land had not been contaminated. "I also have no doubt that the sale was aborted because of the 1989 incident and its aftermath," the judge said.

Blue Circle bought the site in 1981 to build corporate headquarters after satisfying itself that an experimental nuclear reactor, built close to the ornamental lake, had not led to an escape of radioactivity. The estate was put on the market when a slump

hit the construction industry but buyers were put off by publicity over the links between leukaemia and nuclear establishments such as the Atomic Weapons Establishment near by, Mr Justice Carnwath said.

An Ministry spokesman said that the contamination had been "extremely low level" and had been "cleared up to the satisfaction of the regulatory bodies and Blue Circle". The spokesman said steps had been taken to revise the water-course routes to prevent any repetition of the 1989 incident.

The establishment is still a Ministry of Defence site but it has been managed since 1993 by a private consortium of Hunting plc, AEA Technology and Brown and Root.

ITV to reunite naval families live on air as festive showpiece

By RUSSELL JENKINS

ITV is to use a formula pioneered by BBC Radio in *Family Favourites* as the centrepiece of its Christmas Day schedule, putting service families in touch over the festive period.

Anthea Turner will help to reunite naval families around the world live on air as presenter of a broadcast from HMS Belfast, moored on the Thames. Viewers will return to the floating studio throughout the day where Turner and Simon Weston, the Falklands veteran, will be hosting a party.

ITV executives, announcing their Christmas schedules yesterday on HMS Belfast, argued that the programme was less a return to an idea discarded by the BBC as out-of-date than an exciting break with television tradition.

ITV and BBC are lining up for another round in the war of the soap operas this Christmas with large helpings of *Coronation Street* and *EastEnders*. Last year Alan Yentob, the BBC controller, had to reschedule *EastEnders* at the last minute when ITV scheduled *Coronation Street* to compete with its rival in the early evening slot.

The BBC is not due to announce its Christmas schedule until next week, but

it is expected to centre on a special edition of *Only Fools and Horses* and the Steven Spielberg blockbuster *Jurassic Park*.

The evening film on ITV will be the Merchant Ivory classic *The Remains of the Day*, starring Emma Thompson and Sir Anthony Hopkins as a butler who grows disenchanted with his aristocratic master.

Among the stars appearing over the holiday period will be Tina Turner, Tom Jones and the comedian Lee Evans.

For children there is an adaptation of E. Nesbit's *Treasure Seekers*, and *Dennis*, a film comedy about a mischievous six-year-old and

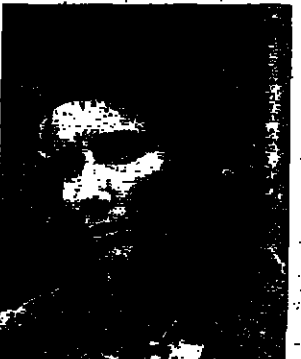
his grumpy neighbour, played by Walter Matthau.

There are Christmas Eve specials of *The Bill* and *Emmerdale*, and Gloria Hunniford will introduce a Christmas Eve service from central London's Hyde Street Methodist church.

Boxing Day sees more children's entertainment, with *Willows in Winter*, an animated film that is a sequel to last Christmas's *The Wind in the Willows*, and an adaptation of Frances Hodgson Burnett's *The Secret Garden*, starring Maggie Smith.

Marcus Plautin, ITV network director, said: "Our schedule is packed with more favourite programmes and stars than ever before and on Christmas Day itself there's a major break with tradition."

The BBC, usually the winner in the ratings war, played down the prospect of a festive battle between *EastEnders* and a *Coronation Street*. A spokesman said: "Everybody has respect for the various drama serials. At the moment *EastEnders* is coming out on top because of the quality and strength of its story lines. It does not detract from the fact that *Coronation Street* is a very fine programme. We don't look upon it as a ratings war."



Thompson in *The Remains of the Day*



Christmas presence: *Coronation Street*'s Angela Griffin, *Gladiator* Vogue, Anthea Turner, and *Gladiator* Panther

British TV triumphs at Emmys

FROM QUENTIN LETTS IN NEW YORK

BRITISH programmes dominated the International Emmys, winning four of the six categories in the television equivalent of the Oscars.

Winners included *Wallace and Gromit*, and *The House*, the "fly-in-the-wings" BBC documentary about the Royal Opera House whose cameramen were privy even to the sacking of an employee.

Wallace and Gromit, the Oscar-win-

ning plasticine models created by Nick Park of Bristol, won in the wide-ranging Popular Arts category — a rare triumph for an animated film. The triumph at Monday night's ceremony in New York made a happy return to the city for the characters and Michael Rose, the film's producer. Last month the models went missing when their creator left them in the boot of a Manhattan taxi. They were returned the following day by the driver.

A *Newsround Extra* report on the BBC about children in Bosnia, and *Wise Up*,

which examined children's views of the world, also won Emmys.

Michael Waldman, director of *The House*, said that receiving the prize was "rather like taking a curtain call at the Royal Opera House... in that you sort of don't expect it, but you hope for it". The programme, which included glimpses of President Clinton admiring the elastic physiques of Covent Garden ballerinas, has been sold to the Public Broadcasting System in America and will be shown there next year.

Newcastle's Toon Army marches on its stomach

By PAUL WILKINSON

THERE was a time when eating at a soccer ground meant a meat pie of doubtful provenance, a Wagon Wheel and a mug of steaming Bovril.

Today, at least for the Toon Army on Tyneside, it is as likely to be spicy chicken sausages with calvados sauce or seared scallops with butter beans and lentils, washed down with an Australian chardonnay.

The Maggie Room at Newcastle United's ground at St James' Park has become the first soccer stadium restaurant to appear in the *Which? Good Food Guide*. And just as the players on the pitch are bidding for Premiership honours this season, John Blackmore, the restaurant's executive chef, is planning his own top-of-the-table challenge for a coveted star in the Michelin Guide.

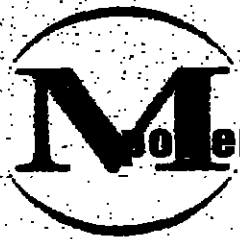
Mr Blackmore, 40, took over catering at the ground last year after closing Blackmore's in Alnwick, Northumberland, which had entries in both the Michelin and the *Good Food Guide*.

The 140-seat restaurant on the sixth floor of the Gallowgate stand is open to the public during the week but reserved for corporate hospitality on match days. It is operated by Courtilands, part of the Cameron Hall group, run by Sir John Hall, the club chairman.

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Defiant strikers tighten noose around capital with blockade of main Paris fuel depot

France set to meet drivers' demands as dispute spreads

FROM BEN MACINTYRE IN PARIS

THE embattled French Government offered to help meet the demands of striking French lorry drivers yesterday as a paralysing nine-day dispute spread to other industries and protesters tightened the noose on Paris by blockading the city's largest fuel depot.

Yet another round of all-night negotiations between the lorry drivers' unions and haulage bosses ended in stalemate and leaders of allied unions called for a general protest today and threatened to extend the stoppages to rail and air transport.

Fearing a mass disruption similar to last year's 24-day transport strike, the Government said it was ready to help to end the dispute by aiding early retirement for drivers and cutting employers' payroll taxes.

The lorry drivers are demanding higher wages, shorter working hours and retirement at 55 rather than 60, but employers say they cannot begin to meet those demands without a reduction in the heavy social charges levied by the state.

Roger Cros, the government-appointed mediator, claimed that "significant progress" had been made on agreeing changes to sick leave, expenses and other issues, but the drivers' unions insisted their central demands had not been met.

The failure of negotiations and fears of a government cave-in pushed the franc to below 3.39 to the mark.

"It is in nobody's interest to extend the dispute to other sectors. The state is ready to take responsibility, in particular by facilitating an agreement on retirement and by contributing to payroll charges," Alain Lamassoure, the government spokesman, said.

But buoyed by public sympathy and the support of fellow unions, the lorry drivers are pressing demands for wage rises as their blockades of roads, ports, border

crossings and fuel depots grow tighter by the hour. At dawn yesterday the strikers used two tanker-trailers to block access to the Grigny fuel depot south of Paris.

Grigny supplies more than 90 per cent of fuel to the capital's huge hypermarkets, as well as petrol for ambulances, police vehicles and fire trucks. The move was a calculated act of defiance by strikers, since Grigny is also the depot used by the military, which might eventually be brought in to end the dispute.

The depot supplies 1.5 million gallons of petrol to the Paris region every day and by yesterday morning more than 50 tankers were lined up outside the gates. Police did not intervene to remove the blockade, but officials gave a warning that if the depot was sealed off for more than two days, Paris would face serious fuel shortages.

More than 180 key roads were wholly or partially blocked by the drivers yesterday, while blockades of Calais and Boulogne remained in force. The motorway between Lyons and Grenoble was blocked, causing ten-mile tailbacks, and the city of Clermont-Ferrand was effectively cut off by the dispute.

With dozens of fuel depots sealed in southern and west-

ern France, local officials began rationing petrol as scores of petrol stations ran dry.

Road freight shipments from the Mediterranean to the Channel remained at a virtual standstill, fish shipments in western ports began to rot on the quays and a number of factories, including the Renault plant in Douai, have stopped work through lack of spare parts.

Talks were due to resume last night but as the strike bites into the economy allied unions have rallied around the drivers. "The truckers must make themselves heard a bit more so that the bosses and the Government make more concessions," Alain Renault, of the Communist-led CGT union, said.

The CGT has called for a "day of action" across the country today, and the powerful Force Ouvrière union said it would extend the industrial action to other transport sectors unless an agreement was reached by last night. The CGT and FO spearheaded last year's crippling strikes.

Nicole Notat, head of the moderate CFDT union, the largest in France, issued "a final appeal for reason on the part of employers".

The five major rail unions called on members to support the strikers "by all appropriate means". France's state-owned gas and electric utilities announced a 24-hour strike for December 3 and Air France and other French airlines will launch a two-day strike from today.

The Government, deeply unpopular due to austerity policies aimed at qualifying for European monetary union, has been further destabilised by the dispute.

Despite mounting rumours of a Cabinet shake-up to try to breathe new life into the Government, M Lamassoure was adamant yesterday: "A reshuffle is not on the agenda," he said.



A gendarme tries to stop a British driver from punching a striking French lorry driver at Calais yesterday. The nine-day transport dispute has left thousands of frustrated British lorry drivers stranded in France.

Tesco starts to airlift food supplies

BY JOANNA BALE AND ROBIN YOUNG

BRITISH supermarkets were yesterday busy making plans to replace thousands of tonnes of food stuck because of the French lorry drivers' dispute. Tesco began flying fresh fruit and vegetables into Britain during the afternoon.

Peter Durose, the supermarket chain's produce buyer, said the suppliers and Tesco would absorb the air-freight costs. He added: "At this time of year we source a

lot of fresh salads from Spain. Our suppliers are having difficulty getting their trucks through the blockade."

Other supermarket chains, though, said that air freight was "hideously expensive". Asda said: "We could only consider it is a very last resort."

Sainsbury said: "We are largely unaffected. We are not experiencing any major shortages. Where necessary, we will airlift products."

Safeway said it was experiencing problems transporting some citrus fruit and other produce from Spain and was looking at alternative transport arrangements.

The Somerfield chain said: "This is the worst time of year that this could happen. At this season more than 40 per cent of our fresh food supplies are imported from or through France. 100 lorry loads a week for Somerfield alone. Already our own-label mandarins are blocked in Bilbao and the supplier has been told it would take two weeks to bring them by sea, which is longer than their shelf life. We are having to 're-source' the product."

The products most likely to be affected by the blockade are those from France itself, including apples, pears, butters, cheese, yoghurt and extra wines for Christmas. Alternative sources exist in most cases.

"We may be selling fruit from Somerset and wine from Spain, Portugal or the New World," Somerfield said, "but we will make sure no one goes short."

John Major was heavily criticised by a hauliers' organisation yesterday for failing to

intervene in the dispute. Adam Wurf, for the Freight Transport Association which represents half of Britain's hauliers, said: "This is a catastrophe for many hauliers, especially the one-man outfits. Many have been stuck in France for up to nine days. We need a solution to the dispute immediately and we want more support from the Government."

"It amazes us that no state-

breaking the protest. Later a second lorry, with a British driver, also broke through, with police allowing its driver and Mr Dixon onto a Dover-bound ferry.

There was also a dispute between one British lorry driver and a French union official as British drivers were blocked while French drivers loaded their lorries onto a Dover-bound ferry. French police officers also threatened British drivers with teargas for trying to stop cars from getting onto ferries in Calais as a protest against the strike.

With the blockade spreading to Calais earlier this week, all freight traffic has been rerouted via Zeebrugge. Crossing times are longer, four hours to the Belgian port instead of one and a half to Calais, so hundreds of lorries have been delayed on the English side of the Channel, causing long queues yesterday on roads into Dover.

The police said: "All truck stops are full, lorries are being stacked on the A20 and there are tailbacks on the M20 and other approach roads."

At one stage, more than 80 lorries snaked up Jubilee Way, the approach to the Channel's busiest port. Most of the drivers at Dover were resigned to the delays: their main complaint was over the lack of information about departure times.

Roy Dempster, who is carrying steel from South Wales to Switzerland, said: "I spent all night in the truck stop at Ashford and no one had a clue what was going on. There was no official information, just rumours and speculation."

Mr Wurf said that the dispute had already cost his members £4 million. British firms are having to pay under penalties for late deliveries, re-route lorries through The Netherlands and Belgium, hire extra vehicles to replace those caught in the blockade and pay to use other European countries' roads. This is on top of the £150-a-day wages and expenses for stranded drivers.

Two drivers broke through the blockade in Calais on Monday. One, Tony Dixon from the Irish Republic, was stopped by French police who said they would arrest anyone

German workers head for stoppage

FROM ROGER BOYTS IN BONN

GERMANY'S powerful metal workers' union moved closer to a strike yesterday after the collapse of a 20-hour negotiating session. "Relations with the unions have plunged to a new low," Martin Kannegger, leader of the employers' negotiating team, said.

The crisis in labour relations came as Social Democrats began a four-day debate on next year's budget with a blistering attack on Helmut Kohl's Government which, in the words of one opposition speaker, "is trying to keep the coalition afloat while torpedoing social peace".

The Chancellor's Christian Democrats have put together a package of unpopular public spending cuts, hitting above all the budget of the Employment Ministry, to meet the entry criteria for European monetary union. Herr Kohl's junior coalition partner, the Free Democrats, have come close to deserting the Government because of his decision to delay promised tax cuts. One of Herr Kohl's savings for Maastricht is the reduction of sick pay. This is the issue that has brought unions and employers into sharp conflict even before the beginning of the regular winter wage round.

The unsuccessful negotiations were held in North Rhine-Westphalia, but it was signalled from the beginning that the eventual deal would set the pace for the almost three million metal workers throughout Germany.

The union, the biggest and probably most influential in Europe, includes workers in steel plants and in car and mechanical engineering factories. They have the capacity to bring Germany to a standstill.

The employers are insisting that sick pay should be cut to 80 per cent of wages in accordance with a law that came into effect last month. Unions say that sick pay should stay at 100 per cent of normal wages: "The rent does not get any cheaper when I am ill," a furious union picketer outside the negotiating offices in Düsseldorf said.

The unions are willing to make concessions, however, on the annual so-called Christmas payment. Companies with high sickness absentee rates would be allowed by the unions to trim the Christmas bonus. The employers rejected the offer.

The breakdown does not lead automatically to a strike. The unions will wait to see how the wage round progresses in January. If that also fails, a strike ballot would be held in February.



Kohl: has delayed promised tax cuts

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Rock band roadies stuck in jam

BY STEPHEN FARRELL

THE French blockade continued to trap hundreds of British lorries yesterday, including two carrying 21 tonnes of stage equipment for the rock band Status Quo.

As the band prepared to cancel the Belfast leg of its "Can't Stop" European tour, their instruments, costumes and speakers were spending a third day behind a barricade of French juggernauts at the dockside. Robin Fraser, 41, and Mick Bird, 44, the band's drivers, have been stuck at the port since Sunday evening.

Mr Fraser, from Bristol, said: "The guys did a runner from the stage and were two hours' ahead of us when we left Lille and their bus went straight through on the boat."

"It doesn't bother me too much. I spend my life sitting around doing very little at the back of concert halls waiting for concerts to start or finish. I can sit here until the cows come home."

Pickets allow Briton and his sick child to take ferry home

FROM STEPHEN FARRELL IN CALAIS

ONE British lorry was allowed through the Calais blockade yesterday because its driver had his sick 11-year-old daughter with him. Chris

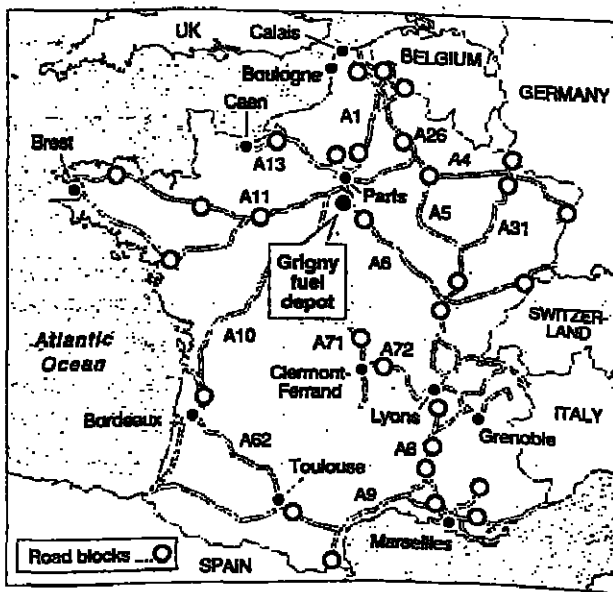
Tovey, 39, from Gloucestershire, had been stuck on the dockside with his daughter Samantha since Sunday evening after delivering a Royal Mail load to France on Friday night. He was returning with another cargo.

After hours of negotiations with French union officials he was offered the chance of taking his cab only through the blockade, but he told them he feared the sack if he left his valuable load behind. He finally persuaded them to relent and he caught a ferry to Dover last night.

Mr Tovey, a single parent, said he often took Samantha with him but left his other daughter, aged nine, with friends.

"When I got to Calais many French union men at the port said 'forget it, you can't go through'. I tried and tried but I could not persuade them at first. I told them it would look good if they let us through as a show of compassion. Their concern was that the other English drivers would ram the barricade to follow me, but the other truckers, who I have worked with for years, agreed to let us go."

Philippe Raulet, of the French union CFDT, said: "We let him go for humanity and not publicity reasons."



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WEDNESDAY NOVEMBER 27 1996

Mantra of prosperity is Clarke's key to success

THE use of the word "prosperity" at least a dozen times in the first 15 minutes of the Budget speech put me in mind of one Norman Lamont Budget, in which I noticed that the word "inflation" outnumbered references to economic growth by a factor of ten-to-one. The contrast is more than semantic. If Kenneth Clarke has managed to deliver a Budget that will please financial markets, satisfy economists, mollify Tory backbenchers and perhaps even win over a few undecided voters, the key to his success lies in that mantra of "prosperity".

The strength of the British economy has given Mr Clarke the buoyant tax revenues he needed to devise a well-balanced Budget, with something in it to please almost everyone and nothing, at least on the surface, to cause too much grief. He has cut income taxes, increased spending on frontline public services and

yet reduced the Government's deficit to ease upward pressure on interest rates and the pound.

Mr Clarke has been able to do all this in part because he has sensibly cast his tax net much wider than many previous Chancellors — to pull in many billions of extra revenue from understated industries such as insurance and aviation, and by putting an end to VAT underpayments, profit-related pay and numerous other scams. As a result of these measures, the net loss of revenue from this Budget will be only £735 million in 1997-98, as the extra money from phasing out the profit-related pay scam adds up, this Budget will actually produce a net increase in taxes of nearly £1 billion. This, in other words, was a considerably tighter Budget than the

City's expectations, which average a £2.5 billion net tax cut. However, the strong growth of the economy was Mr Clarke's main advantage in framing this Budget, as well as his biggest temptation. Mr Clarke could have used the Treasury's projections of strong revenue growth as an excuse to make much bigger pre-election tax cuts. He wisely resisted, heading instead the views his advisers, who pointed out that any increase in the government deficit would force him to raise interest rates sharply and threaten a rerun of Nigel Lawson's boom and bust.

The best news item from the Budget was a sentence that Mr Clarke never uttered, but which was obviously never



ANATOLE
KALETSKY

far from his mind. This Budget should allow interest rates to remain roughly stable between now and the general election and could prevent any further significant rise in the pound. Another quarter-point increase in base rates in January or February is still quite likely if economic growth continues to accelerate. But the threat that base rates would rise to 6.5 per cent or even 7 per cent by May can now be ruled out.

What, then, were this Budget's main defects? Some of Mr Clarke's tax reforms will hit productive investment — his reduction in capital allowances for long-lived machinery seemed particularly ill-judged. Having cast the net as far as he

did in his search for tax scams and environmentally beneficial taxes, he could have been even more ambitious — phasing out profit-related pay more quickly, adding more to the taxes on polluting fuels and perhaps taking another bite out of mortgage tax relief. But these are relatively small quibbles. The most important criticism was the one immediately made by Labour spokesmen.

Mr Clarke's upbeat presentation of his public spending programmes disguised some pretty savage cuts hidden in the details of the public spending numbers, but most of these are only supposed to bite from 1998 onwards. While Mr Clarke could be accused of electoral chicanery for trying to commit the next Government to tougher policies on public spending than he himself has been prepared to pursue, the same figures

could equally plausibly be given an opposite, more upbeat, spin.

By next November another Government, whether Tory or Labour, will be in office, and if the economy remains as prosperous as Mr Clarke is predicting, that Government will be faced with the not too unpleasant choice between making further tax reductions or restoring some of Mr Clarke's planned spending cuts. In other words, whether this Budget turns out to be a workmanlike effort to maintain prosperity or a straitjacket for the next Labour government will depend on one and only one question. Will the economy continue to deliver today's happy combination of falling unemployment, low inflation and reasonably rapid growth? By sticking to his oft-repeated nostrum that "good economics is good politics", Mr Clarke has made this happy outcome much more likely.

Chancellor closes tax avoidance loopholes

By MARIANNE CURPHEY AND JASON NISSE

A STRINGENT package to crack down on benefit fraud and penalise big businesses which use sophisticated ruses to avoid paying tax was the cornerstone of the Budget.

Dubbed "Spend to Save", it is a two-pronged attack on tax cheats who cost the government at least £7 billion a year in lost revenue. The measures tackle tax avoidance by individual welfare claimants and corporations.

Businesses suspected of using legal loopholes to reduce their tax bill face investigations by a team of Inland Revenue officers. Guilty parties will have to pay hundreds of millions of pounds in extra tax.

Individuals suspected of working while claiming bene-

corporations successfully avoid paying taxes totalling between £10 billion and £25 billion every year.

The Chancellor has set a target of £8 of tax saved for every £1 spent, but the Inland Revenue has found that closing loopholes used by multinationals recovers £20 in tax for every £1 spent. "Spend to Save" will be supported by extra Inland Revenue investigators and Customs & Excise Officers, who will be drafted in to tackle VAT and other tax abuses, including the smuggling of alcohol and tobacco.

Mr Clarke said: "We want to combine a strong affordable welfare system with a successful, low tax economy. That means that when we spend money on social security, it must only go to those who need it. It also means that when we levy taxes we must make sure that they are paid by those who ought to pay them. Tax cheats put law-abiding small entrepreneurs out of business. We all lose from that."

The campaign will include a crackdown on some of the schemes that companies legally employ to avoid paying VAT. This should raise an extra £750 million next year, and protect a further £1.5 billion a year of existing revenue. Among the areas targeted are firms using relief on bad debts to shield unrelated profits from tax; charging a high element of VAT-exempt insurance on goods sold by retailers; and closing the telecommunications loophole, which allowed companies to prepay for telecoms services from outside the European Community, so avoiding a VAT avoidance measure announced earlier this year.

fits, and those found to be claiming twice will be subject to rigorous investigation.

The package will cost £800 million over the next three years but Mr Clarke predicted it would recoup more than eight times that amount, £5.7 billion, by eliminating welfare fraud. It is intended to tighten checks on people attempting to run ruses of fabricated claimants.

Mr Clarke also indicated his intention to seek out companies who had previously been "economical with their tax". Although the Chancellor aims to "recover" almost £7 billion worth of unpaid tax, some industry observers estimate that the Government loses more than three times that amount every year. Maryn Bridges, a partner with Deloitte & Touche, estimates that individuals and



Official version: Kenneth Clarke and his wife, Gillian, leaving 11 Downing Street with the Budget yesterday

However, although the Chancellor announced a massive crackdown on schemes which evade VAT, he was forced to back down on the one measure already announced as coming into force. Faced with challenges in the UK courts, the House of Commons and in Europe, he dropped the proposal to allow Customs & Excise to claim six years of underpaid VAT while restricting claims to three years in

cases where too much VAT had been paid. This move was announced in July.

Last week Customs & Excise was told it had acted illegally in stopping repayments prior to this rule becoming law and Brussels said it was watching the situation closely. Now the Inland Revenue will only be able to go back three years when claiming underpaid tax. The Budget brings in a whole raft of tax avoidance

measures, the most controversial of which will bring down the barriers which currently stop the Department of Social Security passing on confidential information to Inland Revenue and Customs except in extreme cases.

The Chancellor is also stopping companies from paying their staff in their own shares as a way of avoiding National Insurance contributions. This is the latest loophole closed,

following on from payments in gold bars, coffee beans and even arsenic, and is timed to come into effect before the big Christmas bonus payment season in the City. The Chancellor expects to save £110 million this year through this move.

Other areas under review include transfer pricing within large companies, use of double taxation treaties and the transfer of assets across borders.

Extra cash averts hospital crisis

By JEREMY LAURANCE, HEALTH CORRESPONDENT

STEPHEN DORRELL has pulled it off. The spectre of a crisis in the NHS this winter has receded after the Health Secretary stole the plums from the Chancellor's table.

Mr Dorrell won an extra £1.6 billion for the health service in England in 1997-98, a rise of 5 per cent on this year's budget of £31.5 billion. In real terms, this amounts to an increase of £970 million or 2.9 per cent, after allowing for 2 per cent inflation as projected by the Treasury.

The real terms increase of almost £1 billion is double the extra money Mr Dorrell was widely said to have secured from the Treasury. This is in line with ministers' strategy of damping down expectations in order to create greater joy when the announcement is made.

For the Hospital and Community Health Service, which has been especially hard-pressed this year, the rise is almost £1.2 billion or 3

per cent in real terms. The GP service, which is facing recruitment problems, is to get an extra 3.2 per cent in real terms.

Medical organisations responded with relief. Philip Hunt, director of the National Association of Health Authorities and Trusts, said he was delighted at the figure: "It's the kind of target

THE NHS

we have been calling for. This will allow us to roll over some of this year's financial problems and meet next year's commitments."

However, Mr Hunt said the 2 per cent allowance for inflation was low and would require a tight rein on costs and pay increases.

Prescription charges are to rise by 15p from next April, to £5.65, a 2.7 per cent increase in line with inflation.

£5m for World Service avoids programme cuts

By MICHAEL BRYNON

THE Foreign Office clawed back a small increase in its budget from the Chancellor, allowing it to give vitally needed new expenditure to the BBC World Service and the British Council.

The World Service will next year have an extra £5 million on its budget of £166 million, an increase of 3 per cent, which will allow it to maintain its range of foreign-language broadcasting and avoid cutting programmes and transmitting facilities. The extra money will also pay for new technol-

ogy, especially digital audio broadcasting, and allow the World Service to buy time on satellite.

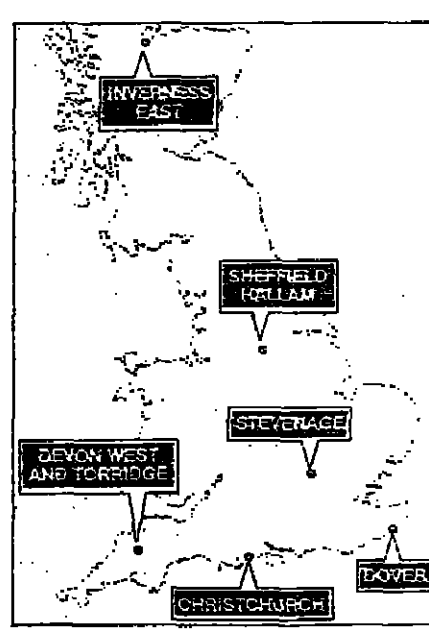
The grant comes after a year of turmoil as a result of plans by John Birt, Director-General of the BBC, to amalgamate much of the World Service production with domestic broadcasting. The World Service won backing from Malcolm Rifkind, the Foreign Secretary, for a full review of these changes, and now has a guarantee that it can main-

tain its current services.

The British Council, which both Douglas Hurd and Mr Rifkind have praised as vital to British diplomacy, has won an increase of £4 million, which will mean it can keep its current overseas network. There had been fears last year that up to 20 posts would have to be closed because of money shortages.

Overall, the Foreign Office has won a 0.2 per cent increase in funds in real terms. However, the total drop in the three years since 1995 is expected to be almost 10 per cent.

REACTION IN THE MARGINAL CONSTITUENCIES



TAX changes appeared to have little immediate effect on the Conservatives' election prospects, according to a Times straw poll of voters in six constituencies where the Tories have small majorities or are close challengers.

The fuel increase was attacked in rural Devon West and Torridge, and also in the four-way marginal Inverness East, Nairn and Lochaber, where some claimed it was anti-Scottish because so much has to be transported there by road.

Failure to cut business rates featured in many comments. In Dover — which has a Tory majority of just 833 — voters said the Government had not done enough to bring in new jobs.

In the once-Tory seat of Christchurch, there was a little more enthusiasm, but most said they would still vote Liberal Democrat. Some even said that the Chancellor should have put taxes up to pay for more health and education, as did voters in Stevenage, Hertfordshire, a key battleground between the Tories and Labour.

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Interest rate rises could soon cancel out tax cuts when the 'virtuous' Clarke meets Eddie George

Chancellor woos the middle managers

KENNETH CLARKE began yesterday by declaring that he would neither play Scrooge, a role for which his girth disqualifies him, nor Santa Claus, a part for which his ample form and red cheeks make him a natural. True to his word, he gave with one hand and took away with the other, introducing some modest tax cuts but removing some benefits.

In an unfortunate phrase that recalled the late Bernie Cornfeld, an infamous investment fraudster who attracted clients to his funds with the phrase "do you seriously want to be rich?" Mr Clarke told the nation that they "seriously wanted to be prosperous".

He then presented them with a range of tax cuts and

improved allowances intended to leave a worker on average earnings £283 a week better off.

However, 3.7 million employees in profit-related pay schemes will be feeling less than enthusiastic. Ian Barlow, UK head of tax at the accountants KPMG, predicted that the phasing out of profit-related pay would cause pain to thousands whose companies could not afford salary rises to replace the tax-free portion.

The 22 million workers who are not members of profit-related pay schemes were told by the Chancellor

that they had had to foot the £15 billion bill for this tax dodge for employers. However, they can now look forward to paying more for their insurance policies and their holidays, following the rises in air passenger duty and insurance premium tax. Worse still, they can expect higher mortgage rates.

The Chancellor may have believed that his "virtuous" Budget will have lessened the pressure on inflation and so the need for higher interest rates. But many disagree, believing that Eddie George, Governor of the Bank of England, will still press for



ANNE ASHWORTH
Personal Finance
Editor

higher rates when the bulgy duo meet next month. This will cancel out the tax cuts.

In order to make ends meet, more families will, perhaps, have to take advantage of another Budget measure, the Rent-a-Room

scheme. Anyone taking in a lodger will be able to earn £4,250 in rent, against £3,250.

In his speech he made much of raising the tax threshold, so removing close to half a million people from the income tax net. Less

emphasis was put on other changes, including the increase in the higher-rate tax band and the 1 per cent cut in the basic rate of income tax.

Like so many of his predecessors at No.11, Mr Clarke posed as the friend of the low paid. Closer scrutiny, however, shows him to be more a pal to those who earn around £30,000 a year. That these people will do best out of the income tax changes is no accident. Mr Clarke wished to cosy up to the politically wavering middle managers.

As he neared the end of his speech, the Chancellor pronounced that his measures

meant that the average family would be £370 better off next year and £1,100 better off since the last general election. He took care not to define this unit dreamt up by some Treasury boffin, with little resemblance to a real household. For example, the figures assume that the putative wage-earner has each year received a pay rise of above the rate of inflation. The figures do not take into account increases in VAT and some other taxes and decreases in child benefit.

Almost as unconvincing was the Chancellor's assurance that the tax system

favoured marriage. The married couple's allowance was raised from £1,790 to £1,830 but since it is given only at the 15 per cent rate of tax, it will be worth just £275 a year.

The elderly were the group forgotten by this Budget. There were no special savings schemes or decreases in the rate of savings tax to compensate for the meagre returns now being paid on savings accounts. Although the Chancellor raised the inheritance tax threshold by more than the rate of inflation from £200,000 to £215,000, he disappointed many by failing to exclude houses from its scope. For the umpteenth time, he affirmed his party's pledge to abolish the tax. But then he never has yet abolished a tax.

Extra £325m 'will damage tourism here and abroad'

BY MARIANNE CURPHEY AND HARVEY ELLIOTT

AN EXTRA £325 million a year will be collected because of the doubled rate of air passenger duty. Travellers flying within the UK and to the Continent will pay £10 instead of £5 in duty, while those flying further afield will have to pay £20 instead of £10.

The rise will come into effect in November 1997, after next summer's peak holiday period, to give tour operators time

try, which had been campaigning against the threat of VAT on air fares.

Yesterday, the Chancellor justified the rise by saying that the UK holiday industry was booming and 40 per cent of the revenue raised would be paid by visitors from overseas. The duty is levied when the airline ticket is purchased.

Most airlines and travel companies have absorbed a proportion of the tax to keep prices down, but they fear that they can no longer continue to do this. A spokesman for Thomson Holidays, the biggest tour operator in the UK, expressed disappointment at the rise. He said: "In a competitive market, no tour operator is keen to raise their prices, but we cannot keep absorbing this duty. This time it will be the consumer who shoulders the burden."

The Federation of Tour Operators, which represents



A kiss in the airport queue — but the tax rise will take some of the romance out of a foreign holiday from next autumn, say travel chiefs

AIRPORT TAX

to amend their brochures to take account of the additional costs. It will coincide with sharp increases in fuel prices working their way through the system. Airlines are now having to commit to fuel for next winter and face increases of up to 45 per cent.

The airport tax, introduced in the Budget of November 1994, stunned the travel indus-

try, which had been campaigning against the threat of VAT on air fares.

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The Federation of Tour Operators, which represents

nearly all the main UK holiday companies, said: "This is a great disappointment to us and will put up the price of winter 1997-98 and summer 1998 package holidays."

Geoff Lipman, president of the World Travel and Tourism Council, said: "It not only hits the UK holidaymaker and businessman in the pocket, and seriously damages one of the country's key export growth markets — inbound

tourism — but it also hits everyone involved in the service industries."

When the tax was first introduced two years ago, it was feared that it could prove the thin end of the wedge and be a permanent target for further increases. All sections of the industry, including British Airways, ABTA, the Federation of Tour Operators and the British Tourist Authority, wrote a joint letter pleading

with the Chancellor not to raise the tax again. It was widely thought that the message had hit home.

Richard Tobias, of the British Incoming Tour Operators Association, said that as the pound was already strengthening against other currencies, it would severely affect the booming inbound tourism market. "It could not have come at a worse time," he said. "There is no question that this

will affect the number of visitors coming to Britain."

The ATA's chief executive, Anthony Sell, said that the move would "erode Britain's competitiveness". Martin Brackenbury, of the Federation of Tour Operators, said that the industry would lobby and fight the proposals through the Finance Bill. "We absorbed the tax since 1995 and as a result there are now one million fewer holidays

being taken. This big increase can only affect those people who cannot afford to pay the top prices. The rich will not worry by an extra £5 or £10 on their holidays, but the family for whom a foreign holiday is marginal will be badly hit and many will no longer be able to afford to go away."

ABTA described the increase as "a poll tax on holidaymakers" which would be deeply unpopular.

Car policies will cost £13.60 more on average

BY MARIANNE CURPHEY

MOTORISTS will have to pay £13.60 extra on an average car insurance policy of £340 after the fears of the insurance industry were confirmed and the Chancellor raised the insurance premium tax from 2.5 per cent to 4 per cent.

The move will raise £450 million a year for the Treasury, bringing the total collected from non-life insurance policyholders to £1.2 billion for the next full financial year.

It will add £5 to the average household contents premium of £125; £15 to a medical insurance policy costing £380, and £7.60 to a buildings insurance policy of £190.

The announcement is a blow to the insurance industry which vehemently opposed the introduction of insurance premium tax in the Novem-

ber 1993 Budget to apply with effect from October 1, 1994, to most forms of general insurance. However, some in the sector had predicted that the tax would rise to 6 per cent.

The tax is seen as a soft target by the Government, for although the industry greeted its introduction with dismay, the public has so far paid up without complaint. It applies to all general insurance except life assurance or pensions.

The Chancellor justified the rise in the tax on the ground that the insurance industry was undertaxed compared with that in other European Union countries.

Insurers believe the Chancellor would like to bring the tax up to the same level as VAT at 17.5 per cent. They see yesterday's rise as the first step towards that goal.

Heirs welcome grace of threshold rise well above inflation

BY ANNE ASHWORTH AND CLARE STEWART

THE Chancellor raised the inheritance tax limit from £200,000 to £215,000, reaffirming the Government's oft-stated wish to see "wealth cascade down the generations" and remove some estates from the taxman's clutches.

The rise is well above the amount needed for inflation — indexation would have raised the limit to

£205,000. The new threshold will apply to tax charges arising on or after April 6, 1997. The change means that the tax threshold has been raised by nearly 40 per cent, or more than £60,000, in two years.

Mr Clarke described the measure as "a further significant step towards abolishing inheritance tax". "Inheritance tax is a penalty on thrift, independence and enterprise. It is a growing anachronism," he said, adding that it was "largely

INHERITANCE TAX

paid by people of modest means who either cannot or simply do not make careful plans to avoid it."

Inheritance tax is levied on the value of an individual's estate, or on any assets transferred in the seven years before death. Tax is charged at 40 per cent on amounts above the threshold. Despite the increase the rise was still below some expecta-

tions and hopes that the threshold would be raised to at least £250,000. "It is less than I expected and is only going to affect a small number of people," David Oliver, of consultants Arthur Andersen, said.

There was also some disappointment that Kenneth Clarke did not remove homes from the scope of the tax, so lessening its impact on the middle classes, or abolish it altogether. "Taking the principal private residence out would have made

such a difference to a lot of people," Mark Bolland, from independent financial advisers Chamberlain de Broe, said.

Although inheritance tax has been described as a "voluntary tax, paid only by those who disliked their heirs more than the Inland Revenue", in practice it is paid by many who have acquired a moderate amount of wealth through rising property prices. Those with ancestral acres enter into complex

schemes to either minimise the tax, or avoid it altogether.

The only concession in this year's Budget is to allow that farmland dedicated to wildlife habitats is to be eligible for relief. This measure comes into force immediately.

In 1995, 18,000 people paid the tax. Raising the threshold will reduce the number of estates paying tax to about 14,000 in 1996-97. The yield from inheritance tax in 1997-98 is estimated at £1.55 billion.

Depressed Dover sees no light at end of Tunnel

DOVER was looking for something in the Budget to encourage new jobs but found nothing. The indications from people contacted by *The Times* yesterday are that the constituency will swing to Labour at the next election.

Mick Peters has worked on the ferries for almost 20 years. Having seen the industry grow, he is now "in danger of watching it die" in the face of what he sees as unfair competition from the Channel Tunnel.

"As far as the local area is concerned it is a non-Budget. All depressed areas will have been looking for a kickstart from the Chancellor and they have not received it. He has missed an opportunity," said Mr Peters, who works for Stena as a freight service assistant. "He has given a little bit away in tax but then with the other hand clobbered people on car tax and fuel."

Jackie Bowles was hoping the Chancellor would resist the temptation to hit alcohol and cigarettes. She has run the Louis Armstrong public house in Dover for 35 years and chairs the local Licensed Victuallers Association.

The influx of cheap alcohol and tobacco from France has badly hit the pub trade. She estimates trade has fallen by 20 per cent. "People are drinking at home and we

DOVER

Tory MP David Shaw holds 833 majority. Unemployment (7.3 per cent) is main issue in a seat influenced by ferry port

can't afford to compete on price. We used to carry £1,000 worth of cigarette stock a month, we don't sell any now. The only solution is a parity of duty."

She said: "I am not at all impressed. I am pleased to see he will be increasing the number of customs officers but by increasing the price of cigarettes he has effectively created a bootleggers' charter."

Ray Haines is the new chief executive of the Dover and District Chamber of Commerce, and believes the impact of the Channel Tunnel on local jobs has been "an unmitigated disaster".

"From a national point of view I think it is a significant Budget in forecasting increased spending, and the freeze in business rates is good. But he added: "I don't think the Chancellor has done anything for Dover. I have and always will vote Tory but I don't think they will win again here."

"People here have long memories and they have not



Jackie Bowles, whose pub has been hard hit by French imports, sees little cheer in the Budget

forgotten the closure of the Kent coalfields or the effect of the Channel Tunnel."

Bill Smith is a retail director with the long-established shipping firm George Hammond which employs 400 people in Dover. Like others he believes government in-

centives are needed to bring new business to the town. "From a business point of view it is not a very exciting Budget, a bit soft in many ways. Nothing jumps out as helping Dover. Tax cuts are fine but if you haven't got a job then it's meaningless."

Blind grant rises by £30

The extra tax allowance for blind people was raised by £30 a year to £1,280 and will be index-linked. The Royal National Institute for the Blind said the rate had been frozen for many years and that only a quarter of blind people of working age had jobs. The institute wanted more spent on removing workplace handicaps and discrimination.

Capital gains

The capital gains tax allowance was raised in line with inflation from £6,300 to £6,500. Trusts will be exempt from the first £3,250 of capital gains in 1997/1998 — this also rose in line with inflation.

Charities lose

The Chancellor's decision to cut 1p off the basic rate of income tax means charities will lose £13 million this year from the tax relief available to them via donations and covenants.

£11m MoD boost

The Ministry of Defence was given a bonus of £11 million in its current budget after a deal to spread payments from the sale of married quarters for £1.66 billion to a Japanese-led private consortium.

Whitehall curbs

The costs of running the central government machine are to be pruned by £1.8 billion in the next three years. Mr Clarke will continue a " remorseless squeeze" to cut the £15.1 billion annual budget.



David Colleau is yet to be convinced that he should return to the Tory fold

'We would pay for better health and education'

CHRISTCHURCH

Tory majority of 23,000 overturned by Lib Dems three years ago. Third of 72,384 electorates are pensioners. Many wealthy voters

smess, bootlegism and vandalism."

"Higher fuel costs and the rise in road tax were not so welcome. "As a pensioner, I will find it hard to cope. If I could, I would walk more — but at my age that is difficult."

Conceding that Kenneth Clarke had been "quite charismatic and he did not try and 'bribe us'", Mrs Rider

said she was nevertheless going to vote Liberal Democrat again.

David Colleau, who owns a gift shop in the Dorset town, praised Mr Clarke for freezing the business rate but said the local authority should be responsible for levying it. He was angry at the rise in fuel costs.

He would willingly have paid more income tax in return for better health and education services. Mr Colleau, who voted Liberal Democrat at the local by-election in 1993, said that although he welcomed much in the Budget his old allegiance to the Tories had yet to return. "I might go back to them but they still have quite a bit of work to do."

BUDGET 96

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Prudent cuts put extra £150 a year in average pocket

By CAROLINE MERRILL

THE STRATEGY of delivering a £22 billion tax giveaway by widening bands, increasing allowances and lowering the basic rate by one penny fulfilled the Government's goal of prudent cuts, but fell short of being an election-winning gimmick.

The tax changes mean a single person on an annual salary of £10,000 will pay £95 a year less tax, someone earning £20,000 will pay £195 less tax, while a single person earning £30,000 will pay £413 less tax. These represent tax savings of 4.55 per cent, 3.55 per cent and 4.93

per cent respectively. On average taxpayers will be £150 a year better off. The decision to cut one penny off the basic rate of income tax to 20p brings it one step closer to the 20p basic rate that the Government has been aiming for since 1979. However, the Chancellor did promise that he would bring the basic rate of tax down to 20p as soon as he was able.

A cut to 20p this year would have cost as much as £7.5 billion — a move that would have been seen as stoking the inflationary pressures building up in the economy. With inflation picking up to 2.7 per cent last month and underlying inflation

hitting 3.3 per cent, Mr Clarke felt that a tax cut of greater than one penny would be too risky. He said: "I will continue to stay ahead of the game."

However, his decision to raise by £280 to £4,045 the threshold under which no tax is payable — three-and-a-half times the figure necessary to keep pace with inflation — will mean about 410,000 will stop paying income tax altogether. Increasing the 20p tax band by £200 to £4,100, twice the inflation figure, will increase the number of people paying tax at only 20 per cent to just over seven million, or a quarter of those paying income tax.

INCOME TAX

Those paying only the lower rate of tax have now nearly doubled in number, since 1992, when just over four million people paid tax at only 20p. The Chancellor increased the basic rate band by £600, the rate of inflation, to £26,100.

Next year, an estimated 20 million people will benefit financially from the flotation or takeover of their building society or life insurance company. On average each payout will be worth in the region of £1,000, equivalent to an 8p reduction in tax for one year

only — this is also deemed to be adding to inflationary pressure.

In an effort to underline its commitment to family values, the Government has also increased the married couple's allowance by the inflation figure from £1,790 to £1,830. This is the second time the allowance has been increased in the past two years. Relief on the married couple's allowance is currently 15 per cent.

For the previous six years, this allowance was frozen at £1,720. A recent report carried out for Christian Action Research & Education (Care) found that tax for married couples had increased 250 per cent

as a percentage of income, while tax for single people had only increased 23 per cent. Care, with the help of Michael Allison, the Conservative MP for Selby, is campaigning for further increases in the married couple's allowance.

Allowances for those aged over 65 have also increased. The higher allowance is currently £4,910 for those aged between 65 and 75. Those aged over 75 benefit from an allowance of £5,090. These rise to £5,220 and £5,400, respectively. These age-related allowances are only available for those who earn under £15,600.

Pensioners also benefit from a

higher married couple's allowance. If one of the couple is aged between 65 and 74, the married couple's allowance is £3,115, which is rising to £3,185. If he or she is aged over 75 the allowance is £3,155, which rises to £3,225.

The Chancellor claims that the tax changes will mean that over seven million families will be £370 better off next year — this assumes wage rises of 1.5 per cent.

He also claims that the average family is now £1,100 better off than it was before the last election. He did not take into account increases in VAT and other tax in this calculation.

City expects rates to rise before poll

By JANET BUSH AND SARA MCCONNELL

THE "deceptively tight" Budget is not enough to head off more damaging rises in interest rates before the election, according to the City and to mortgage lenders.

City reaction was lukewarm with the money markets continuing to look for base rates to rise by more than a full percentage point from their current level of 6 per cent over the next year.

Mortgage lenders said that this would almost certainly mean a rise in rates for homeowners. Major lenders, with the exception of the Nationwide, held their standard mortgage rates steady when base rates rose by a quarter of a percentage point last month. A handful of smaller societies including the Birmingham Midshires moved their rates up, but a

Schwartz, chief economist at the Abbey National, the second largest lender, predicted that base rates will rise by another quarter of a point, possibly in December but more likely in January, leading to an inevitable rise in mortgage rates.

She said: "This seems a fairly responsible Budget considering where we are in the political cycle. But it isn't quite enough for a monetary loosening. I think this will show in the cool light of tomorrow."

Jonathan Loyne, of HSBC Markets said: "Eddie George will be asking for higher rates when he and the Chancellor meet on December 11. It is by no means certain that there is enough fiscal tightening in the Budget. Lenders will have to forgo up rates."

He noted, however, that the Chancellor will be reluctant to raise rates either just before Christmas or in January when the election campaign has started in earnest.

But some voices yesterday argued against the consensus, saying that there are not enough inflationary pressures in the economy to warrant higher rates. David Gilchrist, general manager of the Halifax said: "The Budget seems deflationary rather than inflationary, and on this basis there seems no need for a rise in rates."

Nevertheless, he acknowledged that "it was more likely than not that the society would have to respond to any rate rise."

Even Bell, chief economist at Deutsche Morgan Grenfell, argued that the Chancellor had committed "a slight of hand" and that people would find themselves paying more rather than less tax. This would choke off the need for a rate rise still expecting one.

Further rise would force more lenders to follow suit. But despite these apparent signs of fiscal toughness there was considerable scepticism in the City last night both about whether spending cuts outlined in the Chancellor's speech, were genuine and whether the Budget had been tight enough to rule in strong economic growth.

Indeed, by the Chancellor's own reckoning, growth is set to accelerate next year, to 3.5 per cent from 2.5 per cent this year with domestic demand growing by 3.7 per cent and consumer spending increasing by more than 4 per cent.

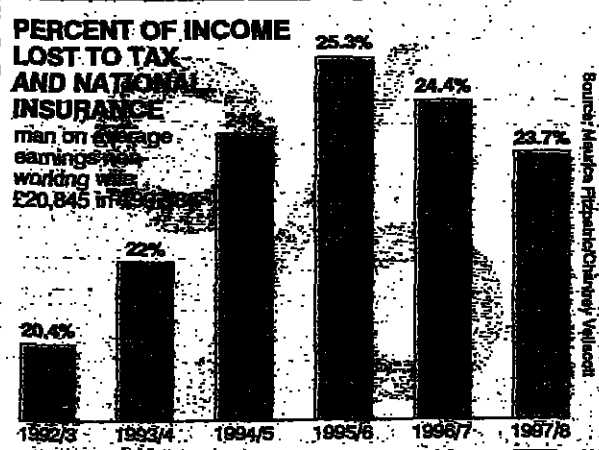
Even as the Chancellor sat down, the City was turning its attention to the monetary meeting on December 11 in the expectation that Eddie George, Governor of the Bank of England, will push for higher rates. Margaret

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Down but not to 1992/93 levels

FOR the second successive year income tax and National Insurance contributions as a proportion of earnings have dropped but they still have a long way to go to match the low levels of 1992/93, the year of the last general election (Sarah Jones writes).

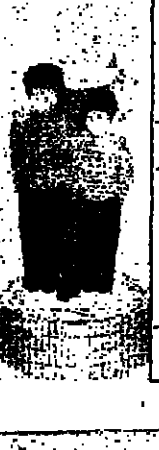
A family living on an average man's salary of £20,845 will see 23.7 per cent of next year's gross earnings eaten up by tax and National Insurance contributions, according to calculations by Maurice Fitzpatrick, senior tax consultant at Chantrey Velocut. That is an improvement on the 1996/97 tax year, when the family will pay 25.4 per cent but it is not as low as the year of the last election when only 20.4 per cent of gross earnings disappeared in tax and NI.

Across the board, including the single person, a working couple and high earners, the pattern is of a decrease of 0.5 per cent in the proportion of earnings taken up in tax and NI. The proportion peaked in 1995/96 after a big jump in NI rates and the restriction of certain tax allowances to 15 per

cent and then started dropping with last year's Budget. But most of us will still be worse off than we were at the last election. The lone parent on average adult earnings has been the worst hit, paying 22.6 per cent of his earnings in tax and NI next year, compared with 18.8 per cent in 1992/93.

The big earners will be little affected. A man earning £208,450 will pay 37.8 per cent in tax and NI, down from this year's 37.9 per cent but not back to the 1992/93 level of 37.3 per cent. The widening of the higher income tax band by £600 will have little impact.

The positive effect, however, of lowering the basic rate of tax and increasing personal allowances will be more or less eliminated by the effect of indirect taxation, including duty on petrol and cigarettes and tax on insurance premiums and air travel. Mr Fitzpatrick said. To get back to 1992/93 levels the Chancellor would have had to lower the basic tax rate by a further 6p.



MARRIED COUPLE, BOTH WORKING, ONE CHILD											
1997/98		1996/97		1997/98		1996/97		1997/98		1996/97	
Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife
GROSS ANNUAL INCOME	12,000	8,000	12,000	8,000	15,000	10,000	15,000	20,000	15,000	30,000	15,000
Personal allowance	4,045	4,045	3,785	3,785	4,045	4,045	3,785	4,045	4,045	3,785	3,785
Taxable income	7,955	3,955	8,215	4,215	10,955	5,955	11,215	10,955	10,955	26,215	11,215
MCA relief	275	0	289	0	275	0	289	0	275	0	289
Tax thereon	1,707	791	1,829	830	3,387	1,247	3,387	2,387	3,387	2,387	2,540
NI contributions	942	542	946	546	1,242	742	1,242	1,242	1,242	2,112	1,246
Child benefit	574	574	582	582	574	574	582	582	574	574	582
NET INCOME	9,826	7,241	9,503	7,158	11,636	8,585	11,483	8,478	14,988	11,935	11,776
JOINT NET INCOME	16,867	16,867	16,868	16,868	22,221	19,859	22,221	19,859	29,976	23,870	23,552
Tax (reduction)/increase	(5.01%)	(£196)	(4.95%)	(£250)	(3.89%)	(£350)	(3.89%)	(£350)	(4.34%)	(£516)	(£188)

MARRIED COUPLE, NON-WORKING SPOUSE, TWO CHILDREN											
1997/98		1996/97		1997/98		1996/97		1997/98		1996/97	
Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife
GROSS ANNUAL INCOME	40,000	20,000	40,000	20,000	60,000	40,000	60,000	80,000	60,000	100,000	80,000
Personal allowance	4,045	4,045	3,785	3,785	4,045	4,045	3,785	4,045	4,045	3,785	3,785
Taxable income	35,955	15,955	36,215	16,215	55,955	35,955	56,215	75,955	55,955	96,215	76,215
MCA relief	275	0	289	0	275	0	289	0	275	0	289
Tax thereon	9,822	3,647	10,238	3,740	17,622	6,258	17,622	25,822	17,622	34,258	26,258
NI contributions	2,160	1,742	2,112	1,746	2,160	1,742	2,112	2,112	2,160	2,112	2,112
Child benefit	574	574	582	582	574	574	582	582	574	574	582
NET INCOME	28,293	15,285	27,889	15,078	40,293	28,592	38,899	28,192	52,293	40,592	51,899
JOINT NET INCOME	43,578	43,578	42,975	42,975	68,885	68,885	66,091	66,091	92,885	92,885	103,891
Tax (reduction)/increase	(3.36%)	(£591)	(2.41%)	(£782)	(1.61%)	(£782)	(2.98%)	(£201)	(4.55%)	(£369)	(£390)

MARRIED COUPLE, 65-74											
1997/98		1996/97		1997/98		1996/97		1997/98		1996/97	
Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife
GROSS ANNUAL INCOME	18,000	10,000	18,000	10,000	20,000	10,000	20,000	25,000	15,000	30,000	15,000
Personal allowance	4,045	4,045	3,785	3,785	4,045	4,045	3,785	4,045	4,045	3,785	3,785
Taxable income	13,955	5,955	14,215	6,215	15,955	5,955	16,215	20,955	10,955	26,215	11,215
MCA relief	275	0	289	0	275	0	289	0	275	0	289
Tax thereon	4,045	1,622	4,215	1,746	4,045	1,622	4,215	4,910	4,045	4,215	4,910
NI contributions	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042
Child benefit	574	574	582	582	574	574	582	582	574	574	582
NET INCOME	12,335	11,919	12,335	11,919	16,235	16,235	16,235	16,235	16,235	16,235	16,235
JOINT NET INCOME	24,670	24,670	24,670	24,670	32,470	32,470	32,470	32,470	32,470	32,470	32,470
Tax (reduction)/increase	(2.79%)	(£394)	(1.96%)	(£394)	(1.09%)	(£394)	(0.76%)	(£394)	(0.76%)	(£394)	(£394)

MARRIED COUPLE, 65-74											
1997/98		1996/97		1997/98		1996/97		1997/98		1996/97	
Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife	Husband	Wife
GROSS ANNUAL INCOME	18,000	10,000	18,000	10,000	20,000	10,000	20,000	25,000	15,000	30,000	15,000
Personal allowance	4,045	4,045	3,785	3,785	4,045	4,045	3,785	4,045	4,045	3,785	3,785
Taxable income	13,955	5,955	14,215	6,215	15,955	5,955	16,215	20,955	10,955	26,215	11,215
MCA relief	275	0	289	0	275	0	289	0	275	0	289
Tax thereon	4,045	1,622	4,215	1,746	4,045	1,622	4,215	4,910	4,045	4,215	4,910
NI contributions	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042
Child benefit	574	574	582	582	574	574	582	582	574	574	582
NET INCOME	12,335	11,919	12,335	11,919	16,235	16,235	16,235	16,235	16,235	16,235	16,235
JOINT NET INCOME	24,670	24,670	24,670	24,670	32,470	32,470	32,470	32,470	32,470	32,470	32,470
Tax (reduction)/increase	(2.79%)	(£394)	(1.96%)	(£394)	(1.09%)	(£394)	(0.76%)	(£394)	(0.76%)	(£394)	(£394)

SINGLE PERSON, NO CHILDREN

	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
GROSS ANNUAL INCOME	10,000	10,000	15,000	15,000	20,000	20,000
Personal allowance	4,045	3,785	4,045	3,785	4,045	3,785
Taxable income	5,955	6,215	10,955	11,215	15,955	16,215
Tax thereon	1,247	1,340	3,387	3,540	5,400	5,625
NI contributions	742	746	1,242	1,246	1,742	1,746
NET INCOME	8,011	7,914	11,361	11,214	14,711	14,514
Tax(reduction)/increase	(4.85%)	(3.97)	(3.89%)	(2.147)	(3.33)	(2.197)

	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
GROSS ANNUAL INCOME	30,000	30,000	45,000	45,000	60,000	60,000
Personal allowance	4,045	3,785	4,045	3,785	4,045	3,785
Taxable income	25,955	26,215	40,955	41,215	55,955	56,215
Tax thereon	5,847	6,258	11,822	12,268	17,822	18,258
NI contributions	2,160	2,112	2,160	2,112	2,160	2,112
NET INCOME	221,963	21,630	31,018	30,630	41,018	39,630
Tax(reduction)/increase	(4.34%)	(3.63)	(2.70%)	(3.38)	(1.90%)	(3.38)

SINGLE PERSON, TWO CHILDREN

SINGLE PERSON, 65-74 WITH

	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
GROSS ANNUAL INCOME	10,000	10,000	15,000	15,000	20,000	20,000
Personal allowance	5,220	4,910	5,220	4,910	4,045	3,785
Taxable income	4,780	5,090	9,780	10,090	15,955	16,215
Tax thereon	976	1,066	2,126	2,286	3,547	3,740
NET INCOME	9,024	8,934	12,874	12,714	16,453	16,260
Tax(reduction)/increase	(6.44%)	(2.90)	(6.18%)	(2.40)	(5.16%)	(2.193)

	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
GROSS ANNUAL INCOME	25,000	25,000	30,000	30,000	35,000	35,000
Investment income	15,000	15,000	15,000	15,000	15,000	15,000
Personal allowance	4,045	3,785	4,045	3,785	4,045	3,785
Taxable income	35,955	36,215	40,955	41,215	45,955	46,215
Tax thereon	9,688	10,087	11,818	12,258	13,822	14,258
NET INCOME	30,332	29,913	33,182	32,742	36,132	35,742
Tax(reduction)/increase	(4.15%)	(2.418)	(3.59%)	(2.440)	(3.06%)	(2.438)

SINGLE PERSON, OVER 75

BUDGET 96

Business gives its verdict: 'Sound, if unsurprising'



ARCHIE NORMAN
Chief executive, Asda



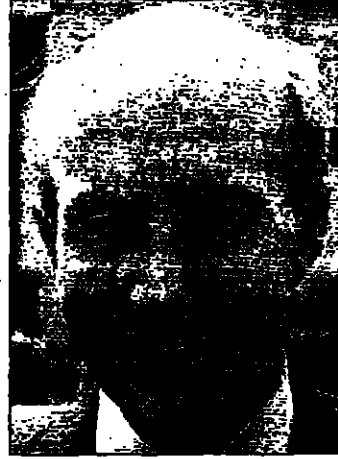
ANITA RODDICK
Founder, Body Shop



NICK HOOD
Chairman, Wessex Water



PETER JARVIS
Chief executive, Whitbread



PETER BIRCH
Chief executive, Abbey National



PETER DAVIS
Chief executive, Prudential



JOE DWYER
Chairman, George Wimpey

Archie Norman
Anita Roddick
Nick Hood
Peter Jarvis
Peter Birch
Peter Davis
Joe Dwyer

This is a robust Budget from a robust Chancellor for a robust economy. It is fiscally responsible and does not shirk from difficult issues such as profit-related pay. It is a good Budget for business and will be popular with ordinary working people shopping at Asda. Last year the Chancellor gave 40,000 colleagues a tax break on their share options. This year 75,000 colleagues will welcome the extension of the 20p income tax band. We see this as a Budget for our customers for Middle Britain. The reduction in spirit prices and no increases on beers and wines start to bring us in line with cross-channel prices and are timely moves. As for alcopops? Well, Asda Brand is still better value by far!

Until you take the emphasis away from taxing people, either directly or indirectly, and put it on to taxing business that pollutes, you're wide of the mark. People see that a penny off income tax is added on somewhere else. They are clever enough to see that there is no extra money to be spent where it is needed. No wonder politicians use that same old battered tin box every year: it's the same Budget in a different guise, a Budget made of tin, without a heart. If this tin man is to get a heart, then political parties had better follow the road towards the progressive sustainable economic agenda that sensible economists regard as the way forward in the next century. It's time to recycle this tin Budget.

The Chancellor has opted for a prudent Budget with various initiatives to reduce the tax burden on private individuals being mainly offset by revenue-raising measures in the corporate sector. I particularly welcome the reduction in employers' National Insurance contributions which should assist inward investment and job creation. I also applaud the proposed freezing of business rates for small businesses. With planned investment of the best part of £1 billion on capital and infrastructure maintenance over the next ten years, Wessex Water welcomes a stable economic and fiscal framework. The biggest threat to our customers and shareholders remains the Labour Party's ill-conceived proposed windfall tax.

The best I can say about the Chancellor's policies on drinks duty is that they are inconsistent. A few new customs officers will do nothing to stop the flow of illegal imports. The increase on alcoholic soft drinks is not a big issue for us as the sector only represents around 1 per cent of the market. The Budget package should enable most people to have a little bit more to spend in their leisure time, which is good news for our restaurants, pubs and drinks shops. We are not so happy about phasing out profit-related pay. Overall, the Budget should provide a mild stimulus for the economy, which gives us the confidence to continue our capital investment programme as planned.

This is a responsible Budget, showing that the Chancellor is not prepared to take a chance with inflation. Abbey National's 14 million customers and staff will be pleased with the fact that they will be paying less income tax. Obviously, other elements are less pleasing — for instance, the increase from two-and-a-half per cent to four per cent on the tax on premiums paid by customers to insure their homes, cars and belongings. The gradual phasing out of tax incentives for profit-related pay is also disappointing, although it was not unexpected. Overall, the Budget represents just the right sort of touch on the tiller at this stage in the economic cycle.

With an election looming, this is a sound if unsurprising Budget. The Chancellor himself conceded he would play neither Santa Claus nor Scrooge and refused to sacrifice long-term gain for a short-term benefit. I welcome the statement that the PSBR will be reduced next year, the prudent commitment to meeting the Maastricht criteria of economic growth. From the insurance industry's perspective, the increase in insurance premium tax, although less than some expected, is disappointing. We welcome the Chancellor's commitment to simplification of Inland Revenue rules and would suggest the application of the same principle to the equally complex pensions regime.

While there were no initiatives which will directly benefit house-building, it is a balanced Budget which should encourage steady growth in the economy and therefore be welcomed. It was important that giveaways were limited so as not to put the economy at risk of too rapid growth, which would have increased pressure for interest-rate rises. However, the modest tax rates, along with continued low inflation and economic growth at current levels, may strengthen the "feel-good" factor, which is so important to our business and accelerate the speed of the housing market recovery. Following the Budget, the anticipated recovery in the housing market will continue in 1997, and may possibly be heightened.

Cigarette duty increase 'will not halt smuggling industry'

Rise to discourage smoking

By ALASDAIR MURRAY

THE tobacco industry roundly criticised the Chancellor yesterday after he imposed higher taxes on tobacco products, saying that the rises would not halt the flow of smuggled tobacco into the country.

Mr Clarke raised the price of an average packet of cigarettes by 15p, a packet of small cigars by 7p and pipe tobacco by 8p a pouch. The Chancellor, who admitted to the Commons that he enjoys an occasional cigar, justified the above-inflation increases as

an attempt to discourage smoking. However, the Government decided to limit the increase on a packet of rolling tobacco to inflation — about 5p to 6p a pouch — in an attempt to clamp down on smuggling estimated to be worth £425 million a year.

Jan Birks, head of corporate affairs at Gallaher, said: "We are very disappointed with the increase. UK smokers already bear an unfair share of taxation." He added, however, that he did not expect to see any immediate fall in sales because "people are used to seeing these increases".

Tobacco

Gallaher is soon to be floated on the Stock Exchange by its US parent company, American Brands.

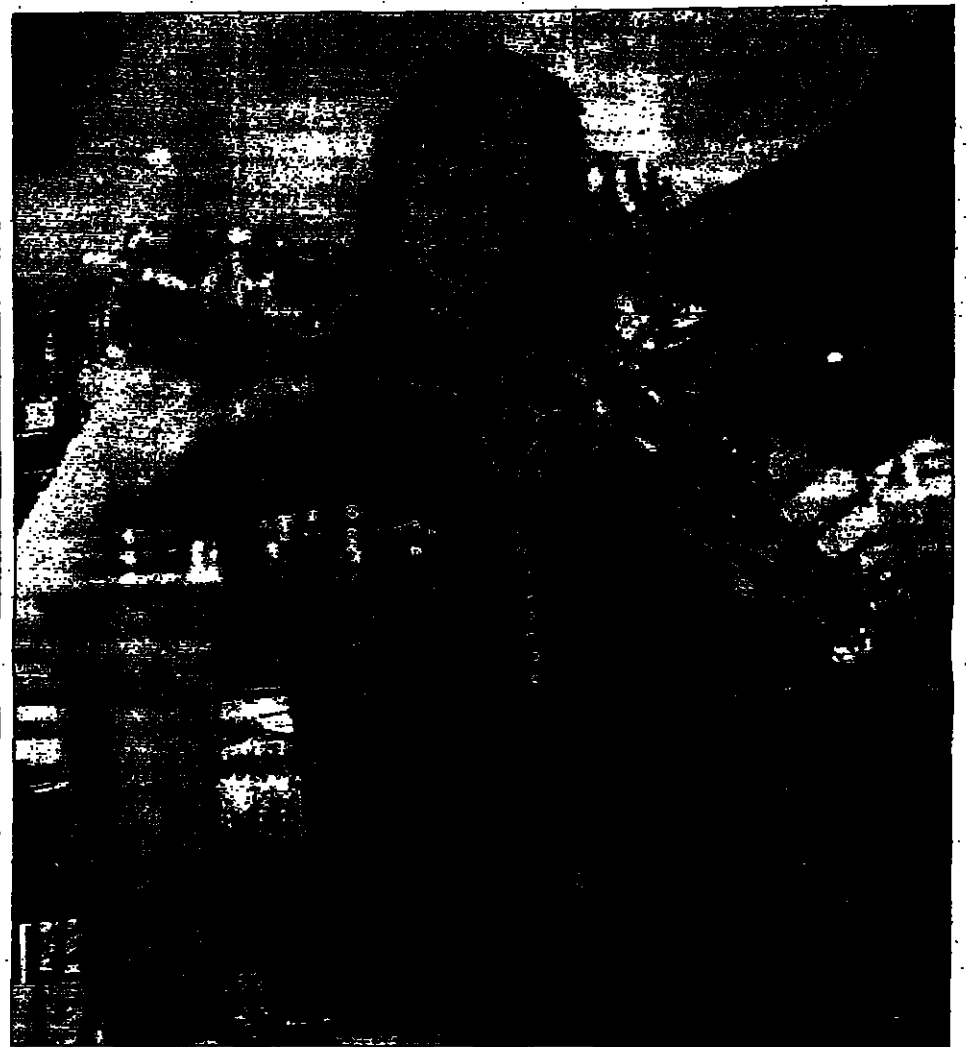
The City was largely unconcerned by the latest rise in prices, which analysts said had been expected. Shares in Imperial Tobacco, which was demerged from Hanson earlier this year, fell back 5p to close at 371.5p. BAT Industries, the other big UK tobacco company, was unaffected because it does not sell cigarettes in the UK. Imperial said

that the freeze on the price of hand-rolling tobacco would have little impact on curbing smuggling as rolling tobacco remains about four times more expensive in the UK than in other European countries. The company said that the increase in cigarette prices could also encourage a rise in cigarette smuggling, estimated to be worth £135 million a year.

Clive Turner, executive director of the Tobacco Manufacturers' Association, said: "We think smugglers will be laughing all the way to the bank. A 7.1 per cent increase in

duty on tobacco flies in the face of all the advice the Chancellor had from the industry and the retail trade about the risks to jobs and the revenue.

"The increase is peculiarly discriminatory. Tobacco is having to carry the can while alcohol escapes very lightly. Yet the Chancellor knows there is indisputable evidence that tobacco smuggling is already costing the revenue £600 million a year. Now it will escalate to a higher gear as criminals increasingly switch to smuggling cigarettes for their profits."



Pressure groups believe that raising tax will not ease concern over alcopops

Whisky lobby cheered but higher alcopops tax is hailed as misplaced

By ROBIN YOUNG

THE Chancellor responded to concern about the growth in under-age drinking by increasing the tax on alcoholic soft drinks by 40 per cent from January 1.

The move, which will increase the price of such "alcopops" as Hoegaarden Breezer and Two Dogs by 7p or 8p a bottle to about £1.10, was greeted with concern by the brewing trade which fears its profits will suffer. The Brewers and Licensed Victuallers Association said: "We do not think it is right to tackle social problems through the tax system."

The increase falls well short of the 49p a bottle rise demanded by Alcohol Concern to price alcopops beyond the reach of children. Lee Lixenberg, of Alcohol Concern, said: "We are not convinced that a few extra pence is going to deter under-age drinkers from buying alcopops, many of which are stronger than beers and lagers."

However, John Browne of the Portman Group, ethical consultants to the drinks industry, said: "We do not think the increase in tax on alcopops will make any difference to the problem of under-age drinking. The young people who are abusing alcohol drink beer, cider and spirits as well as alcopops."

In general, there were half-hearted toasts from the licensed trade for the Chancellor's new duties on alcohol. Only the Scotch Whisky Association, renowned as one of the

most effective lobby groups in Westminster, expressed unalloyed pleasure. "We are absolutely delighted," said Tony Tucker, the association's spokesman. "It is particularly gratifying that the Chancellor has taken on board the argument that high rates of duty at home are used abroad to justify punitive rates there."

The Chancellor referred to the issue again this year, which shows he appreciated the battles we have been having in Japan and Chile on this issue.

A freeze on the rate of duty on beer, though, seemed insufficient to the Brewers and Licensed Retailers' Association. "We are disappointed," a spokesman said. "The Chancellor claims that the duty on beer is the lowest it has been for 30 years, but it is still seven times the rate in France — 4.2p a pint in France compared with an average of 31p here. Only the French lorry drivers seem to be slowing down the smugglers."

While the differential in rates of duty between France and Britain remains, pubs will continue to close, jobs will be lost, and crime and fraud will prosper.

David Grant, chairman of the Wine and Spirit Association, claimed that the Chancellor's attack on carbonated alcoholic drinks would "virtually eliminate the long-established trade in light wines" such as Italian Lambrusco. Low alcohol sparkling wines,

he had established, would be caught in the Chancellor's increase in duty for which newly invented carbonated drinks such as "alcoholic lemonade" were the principal target.

The Chancellor has shown a complete lack of interest in the UK's domestic drinks trade. "Mr Grant claimed: "Despite frequent references to cross-border shopping, he has done nothing to bring UK duty rates any nearer to those on the Continent. As far as he is concerned cross-border shopping is here to stay, and desperate attempts to increase surveillance will do little or nothing to curb the smuggling and fraud that is an inevitable result."

Mr Grant added that he was pleased by the "moderate" decrease in duty on spirits "but the chancellor made it clear that was designed principally to aid UK exporters."

Alcopops were launched in June 1995 with Hoegaarden Breezer, made by Bass, and Merrydown's Two Dogs. The market has since expanded at unprecedented speed with sales of £170 million expected this year.

The alcoholic fruit juices, which are currently taxed at 13p per 300ml bottle, have been widely criticised for their appeal to under-age drinkers. Their alcohol levels range from 4.1 to 5 per cent, which is as strong as Heineken Export (at 5 per cent) and higher than Woodpecker Cider (3.5 per cent). Because of their sweetness, the taste of alcohol in the drinks is almost completely hidden.

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صلى الله عليه وسلم

BUDGET 96

13

Clarke launches 'green' offensive

Costlier fuel gives drivers reason for switching to gas

By Nick Nottall and Kevin Eason

DRIVERS were given their biggest incentive to abandon petrol and diesel and switch to greener motoring. Kenneth Clarke imposed higher taxes on petrol and diesel but cut the duty on compressed natural gas in an effort to clean the air in towns and cities.

Using natural gas in conventional internal combustion engines would get rid of soot particulates, which are thought to cause thousands of deaths as well as breathing difficulties and heart disease, particularly in children. Other toxic gases from the exhaust pipe are also greatly reduced.

The Chancellor raised duty on petrol and diesel by 3p a litre to an average 62.7p, about 28.4p a gallon. Mr Clarke said: "I firmly believe that motorists should bear the full costs of driving — not only wear and tear and congestion on the roads, but also the wider environmental costs. Even those of us who frequently have to drive can take steps to cut fuel consumption and we all ought to consider carefully the use of our cars."

The Chancellor warned in 1993 that he would raise road fuel duties by an average of at least 5 per cent annually as part of Britain's commitment to curbing global warming. However, he cut the duty on natural and liquid petroleum gas by 25 per cent to reduce the price to the equivalent of 43p a litre or 195p a gallon.

A driver using natural gas, according to figures from the AA, would save about £200 a year on fuel over 8,000 miles. BMW makes gas cars on its production lines and its British subsidiary, Rover, said last night that it was ready to meet an upsurge in demand for

models using it. Earlier this month, the company delivered a gas-powered car to John Major, converted at a cost of £2,500, the first government-owned car to run on gas.

Mr Clarke also promised to reduce vehicle excise duty by up to £500 on lorries which meet tougher pollution targets by 1998. Bus and truck operators will need to fit particulate traps or convert their vehicles to gas to meet the more stringent targets and reap the saving on road tax.

However, vehicle excise duty on cars will go up by £5 to £145 annually. New diesel fuel, with lower sulphur levels, producing less smoke and fewer particulates, will also be encouraged with plans for an

extra cut in duty of 1p a litre.

David Voss, managing director at Velo, which operates about 50,000 vehicles, said: "The Budget will add about £98 to the costs of typical drivers next year and cost business about £264 million. But everyone is going to sit up and take notice of what has happened over gas power and start trying to calculate whether it is worth making the switch to the new fuel."

Tom Gorman, chairman of the Natural Gas Vehicle Association, said the measures would "kickstart the market for natural gas" as a vehicle fuel, while British Gas said it was prepared to build, at no cost, fuel pumping stations for bus and lorry operators.

Malcolm Eames, spokesman for the National Society for Clean Air, said: "The Chancellor should be congratulated. These measures are the most significant attempt to clean up road transport since the introduction of the tax differential on unleaded petrol." Roger Hignman, of Friends of the Earth, added: "This Budget is good news for air quality."

There are an estimated 300,000 gas-powered cars across Europe, but only 500 in Britain, mainly operated by British Gas. □ Vital investment in the Underground network will have to be put on hold because of a one-third cut in government grant, Peter Ford, the chairman of London Transport, said yesterday. The cuts mean that hundreds of modernisation schemes had been placed in jeopardy, he said. Over the next three years the Treasury grant has been reduced from £1.7 billion to £1.1 billion with London Transport receiving only £130 million in government support by 2000.



Peter Crozier on land he rents from the Duchy of Cornwall. He fears fuel duties will hit farmers hardest

Farmers fear tax on vehicles

THE marginal seat of Devon West and Torridge yesterday gave a muted welcome to the Budget, but said that it did not go far enough.

Such was their disillusionment with the Tories, they said, that a few tax cuts would not persuade them to back the Government at the next election. The rural seat covers 1,000 square miles, making it the second largest geographically in England. Agriculture, manufacturing, transport, and banking and finance are the main sources of employment for the 74,000 voters.

Peter Crozier, 50, who is married with two children, is a tenant beef and sheep farmer on 1,700 acres of Duchy of Cornwall land near Dartmoor Prison. He said that although the Government was on the right track generally with the economy, the Budget did not do enough. "They take with one hand and give with the

DEVON WEST

Tories held 3,614 majority until defection to Lib-Dems by MP Emma Nicholson. Lib Dems need 2.8 per cent swing to win the seat

other." He attacked the increase in fuel duties, saying that they would hit farmers hardest. "It is a black day," he said.

Tourism is an important source of seasonal income for the constituency. Simon Boulter, 31, manages Lyford House Hotel and riding school near Tavistock on the western edge of Dartmoor. As a self-employed businessman, he is instinctively Tory but admits to being disillusioned with the party.

He liked the tax cuts and especially the reductions in National Insurance for em-

ployers. The increase in personal allowances would help many part-time and seasonal workers in the tourist industry. He welcomed the freeze in the Uniform Business Rate but said it should be reduced.

The increase in petrol duty would hit tourists because public transport was poor in the constituency, Mr Boulter said. But he concluded: "I am encouraged. The picture the Chancellor painted is of a fairly buoyant economy and I think it is going in the right direction."

Tony Beer, 49, is a trawlerman and has a fish-processing business in Bideford. He is a lapsed Tory disillusioned by the Government's failure to help the fishing industry.

He said the Budget did not persuade him to vote Conservative. "It hasn't done a lot for small businessmen. I just don't think it will get the economy back on its feet."

For the past 20 years Fred Bostock, 59, has run a garden centre in Okehampton. Although he has tended to support the Tories, he is so disillusioned with the Government that he is likely to vote for the Liberal Democrats. He thought that business rates should be cut further and believed the fuel tax increase would hurt businessmen like him in a rural constituency.

Some 20,000 pensioners were registered in the constituency at the last census. Eileen King, 72, a widow in Tavistock, worked as a secretary, nurse and civil servant and has a healthy private pension. But she said that the Budget did nothing for pensioners, and the Government had not helped the unemployed or drivers. "I do think they are getting old and tired and are going round in circles. It is time we had a change in Government."

Cut 'won't create jobs but might save them'

By Christine Buckley and Oliver August

THE scaling-down of employers' national insurance contributions (NIC) from the general rate of 10.2 per cent will not create jobs, according to the Confederation of British Industry. Rather the measure would act to preserve them.

The cut, which will be funded by the expected £500 million a year payments from the landfill tax, was heralded in last year's Budget. Then Mr Clarke promised that the effects of the tax would be largely neutral and that it would be used to trim national insurance contributions from employers.

Mr Clarke presented the

NATIONAL INSURANCE

NIC cut as a means of job creation and another instance of the Government working to reduce the burdens on business. But a spokesman for the CBI said: "This is not about job creation, but job saving. We are not expecting to see any significant change from this."

The landfill tax became effective on October 1, and is levied on deposits of waste and rubble in skips. Engineering companies and waste disposal services are expected to be the main payers of the new tax.

For every tonne of normal waste including household refuse they will have to pay £7, and for "inactive" waste such as bricks and rubble £2 per ton is being levied. Before the Budget it had been wrongly speculated that landfill tax rates could be raised.

The 10.2 per cent level of employers' contributions at present applies to pay over £210 per week. Contributions on pay below that is graded on lower levels going down to £61 per week, below which no contributions are paid.

Nothing new for the fortunes of floating voters

VOYERS saw little in the Budget to tie them closer to the Conservatives at the next election. They seemed happy with the income tax cuts, but regarded them and the changes in duty on drink and fuel as predictable. The general opinion was that it was a "steady as you go" Budget, with little in the way of novelties to attract the floating voter.

Michael Piff, 49, a mathematics lecturer at Sheffield University, who has voted Labour to the past, but is considering supporting the Liberal Democrats next time, said: "I don't think he has done enough to convince people that the Tories should stay in power. I don't think they will be coned by a few pence off tax. People will still be more inclined to look back over the past five years and see they are still worse off today."

Mr Clarke talked about economic growth, but here in the university we have seen little sign of that. The extra money he says he is putting into the education system is just a drop in the ocean."

His wife, Sheila, 46, a tutor in human communication disorders at the university, said: "The tax benefits were only modest. I think people will look at a wider context when the election comes, at their standard of living, where prices seem to be rising faster than income."

Tim Hale, 43, who runs Champion Hire, a firm with

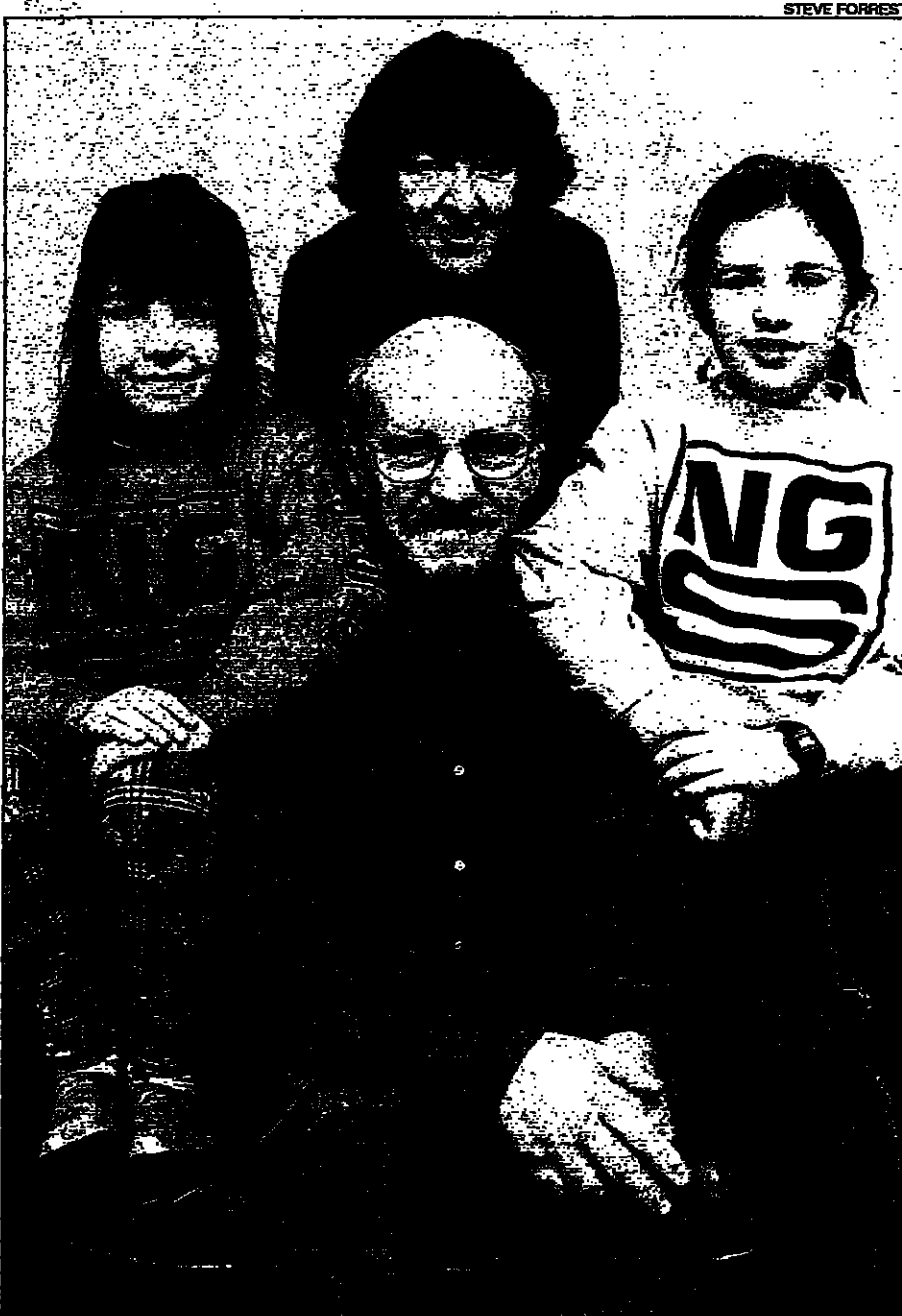
HALLAM

Only Tory seat out of six in Labour-run city. Won by Sir Irvine Patnick over Lib Dems at last general election with 6,741 majority

50 employees leasing plant to the construction industry, liked Mr Clarke's showmanship. "It was humorous, full of great soundbites. From a political point he came over as an honest chap."

But while he appreciated long-term projects such as the "spend to save" scheme to cut tax avoidance, Mr Hale, who voted Conservative last time, acknowledged there were few election giveaways. "I am not sure it would sway a floating voter, but there are things to encourage people. I like the personal tax changes. I welcome direct tax cuts, I like the idea of people having money to spend how they want."

Anthony Buxton, a senior lab technician at the Royal Hallamshire Hospital, was not impressed. A bachelor, he describes himself as a floating voter, but thinks he will be supporting the Liberal Democrats. "Mr Clarke has not done much for people like me. I bought a diesel car ten years ago because it was supposed to be cheaper but the tax on it now is the same as petrol."



The Piff family: "I don't think people will be coned by a few pence off tax"

Benefits clampdown hits single mothers

By Dominic Kennedy, Social Affairs Correspondent

LONE parents' benefits will be scrapped and 255,000 single people may be forced to move into bedsiters as the Chancellor struggles to contain the soaring social security budget.

From 1998, divorced and unmarried mothers will have to manage on the same welfare benefits as couples with children. The move, which horrified anti-poverty campaigners, will affect 375,000 one-parent families and save £200 million by 2000.

One-parent benefit is worth £6.30 a week and lone-parent premium £5.20 to almost two million people, mainly mothers, raising children alone. Widows get other, more generous, help.

These two benefits will be frozen — a cut in real terms — for the next year and will be incorporated into other benefits for existing claimants. They are never expected to be increased again and will be allowed to shrivel away. New claimants will have to cope on the same state help as couples with children.

Peter Lilley, the Social Security Secretary, said: "Research shows that the only substantial extra expense lone parents have over couples is the cost of childcare."

Karin Pappenheim, director of the National Council for One Parent Families, said yesterday: "One third of today's children will spend some period growing up in a lone parent family: following this Budget they will be looking at a much bleaker future."

In a dramatic and unexpected

change, single people under 60 will only be able to claim Housing Benefit at the average local rent for a single room — forcing many to leave larger properties and move into bedsits. This will affect 255,000 people and save £105 million.

Housing benefit rules will also be changed to hit those in more expensive and pleasant homes. In future, tenants will be able to claim only the average rent for a similar size home in their area, instead of what they actually pay, affecting 125,000 people and saving £25 million.

Benefit cheats, redundant executives and elderly disabled people bear the brunt of other trimmings in social security.

LONE PARENTS

as ministers admit defeat in finding any radical alternative to the traditional welfare state. An extra £470 million will be invested over the next three years in a "Spend to Save" package to combat benefit fraud, which is estimated to cost £3 billion a year.

Reforms of council tax benefit will hit middle-class families whose breadwinner becomes unemployed. People living in homes worth more than £120,000 (bands A to E) will have to pay towards their council tax even if they are out of work from 1998, affecting 65,000 households and saving £15 million a year. Currently their full tax is paid by the state if they fall on hard times. State pensions will rise in line

with inflation of 2.1 per cent, giving single pensioners an extra £1.30 a week to bring their income to £62.45, and couples another £2.05 to provide them with £99.80.

A host of strict new rules and regulations will help to pay for a reduction in employers' National Insurance by 0.2 per cent to 10 per cent.

The waiting time for the jobseeker's allowance will increase from three days to seven days, leaving people to rely on their "week in hand" if they have one. Disabled people approaching 65 will be barred from getting Disability Living Allowance unless they remember to claim before their 65th birthday.

Backdating of many benefits will be reduced substantially. Claimants will have to provide far more proof before receiving claims in future. Kenneth Clarke's £91 billion is still the highest amount ever given to the Department of Social Security, which now accounts for a third of all public spending and costs the average working person £15 a day to maintain. Mr Clarke had to satisfy himself with holding the increase in spending to 1.5 per cent, which he said was lower than the average postwar 5 per cent.

Mr Lilley said the "spend to save" programme would reduce fraud by £7 billion in the next three years. He promised an extra 1.3 million visits to new benefit claimants. Harriet Harman, Shadow Social Security Secretary, said that Mr Lilley's promise was fraudulent.



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BUDGET 96

Increase will still leave shortfall on current spending, say local authorities

School safety and universities will gain from £875m boost



Denis Wilkinson: said he was sick of the way smokers had to pay again

'It's a Budget for the rich'

By ALICE THOMSON
POLITICAL REPORTER

STEVENAGE seemed unimpressed by the Budget. The town has seen a renaissance in the past year with shops reopening in the mall and companies relocating to the area. Unemployment is down to 6.8 per cent and 61 per cent of the 76,056 population live in homes bought by their families. But Labour is determined to win back the seat.

Connie Rees, 70, who has lived in Stevenage for 40 years with her husband and is a voluntary worker, said: "This is a Budget for the rich. Putting income tax down isn't going to help the most vulnerable. It doesn't inspire a sense of community or fairness. Putting more on petrol will penalise the old, voluntary workers and school children." She will definitely not be voting Tory.

STEVENAGE

Battleground between Labour and Tories since town conceived 50 years ago. Held by Tory backbencher Tim Wood (4,888 maj).

Denis Wilkinson, 55, married with two children, and personnel manager for Marconi Instruments, said: "I wanted far more for the NHS and education. Unless we invest in our children we will not have skills for the next century. No one will notice the 1p tax reduction."

A smoker and drinker, he said: "I am also sick of the way that smokers are expected to pay so much for their vice. Fat cats should have been hit harder. I will vote Labour again."

But John Chapman, 49,

general manager of a small shaving-brush company, and a wavering Tory said he would return to the fold. "I am very pleased with the Budget. Married families benefit at last and he [the Chancellor] managed to spend money on key areas like law and order, education and health."

Richard Aston-Wright, 31, a contract monitoring officer with the council, has two children and is a staunch Tory. "This is not a vote-winning Budget, a lot of poorer people won't be happy. Three pence on a litre of petrol is hell of a lot but the drop on spirits is handy. I will vote Tory but that is because I don't trust Labour not to go back to their old ways." He said personally he would benefit from the Budget but his wife, Tamara, 25, who is on profit-related pay with Rank Xerox, will be hit when it is no longer tax free.

By JOHN O'LEARY
EDUCATION EDITOR

EDUCATION

EDUCATION was given top priority in the Chancellor's spending plans for 1997-98. Schools, colleges and universities will receive £875 million more than this year's planned budget.

The 3.6 per cent increase is still below the amount local authorities said they needed to maintain current school spending. But Gillian Shephard, the Education and Employment Secretary, said the settlement represented a success in a tight expenditure round.

Among the areas earmarked for more money are school security, which will receive £60 million in total in the wake of the Dunblane massacre. Local authorities will be expected to find 40 per cent of the cash.

Kenneth Clarke has also acted to restore part of last year's cuts in further and higher education. Universities and colleges will share an extra £280 million over the next two years, although they will still face a squeeze on funding levels compared with their spending in 1994-95.

Another £50 million will go into school building and repairs, half of which will come from the Department for Education and Employment. Mr Clarke acknowledged that the current state of some school premises was "very poor".

The bulk of the extra money will go to relieve the pressure on schools' recurrent budgets: the local authority associations have estimated that they are already spending more than the additional sum of £633 million earmarked by the Chancellor.

However, Mrs Shephard said it was for local authorities to decide how much to devote to education. Mr Clarke said too many authorities were already diverting cash meant for schools into other areas.

The Chancellor expects to raise about £3 billion from the

sale of debts accumulated by the Student Loans Company. Education will keep the first year's share of the anticipated receipts, which should account for almost all of the increase secured by Mrs Shephard.

Among the other changes are an increase of £22 million in support for assisted places to reflect an expansion of the scheme, which funds independent school places for children from low-income families. Grant-maintained schools will also receive £15 million more.

However, the money set aside to pay for nursery vouchers has been cut by £56 million. Mrs Shephard said the allocation still represented £129 million of new money for the scheme, which goes national in April, but this now reflected a more accurate as-

essment of the number of four-year-olds likely to benefit from vouchers.

David Blunkett, the Shadow Education and Employment Secretary, said the reduced plans for nursery provision showed that the Government was not guaranteeing places for all four-year-olds. "The Tories are betraying Britain's toddlers and their parents," he said.

Teaching unions claimed that the Government was exaggerating the generosity of the settlement. A spokeswoman for the National Union of Teachers described the increase as a "sticking plaster which will not cover the cuts".

But university vice-chancellors were relieved that their campaign to reverse last year's cuts had been at least partially successful. The concessions may help to stave off the introduction of tuition fees, which the vice-chancellors are to discuss next week.

The Government yesterday announced an American-style, jobs programme for the long-term unemployed and confirmed the expansion of its version of American "workfare" in Britain (Philip Bassett writes).

Mrs Shephard fully confirmed the expansion of the project work pilots, which some have seen as modelled on US-style workfare programmes, under which unemployed people work, or lose their social benefits. The pilots, originally tried in a couple of areas, will now be expanded to 29.

But the Government also announced in the Budget a new scheme, Contract for Work, aimed at long-term unemployed people. Full details of the scheme will be disclosed soon, though it will focus on the "private sector's" talent for innovation to help longer term unemployed people back to work.

Three or four pilots will be started, probably in large cities, offering places to about 6,000 people. Private-sector companies involved will be paid by the scheme only if people on it get jobs, and stay in them.

Mrs Shephard said that together, the two programmes would offer up to 100,000 "opportunities" to unemployed people most in need of help. Labour said the moves offered little of practical value to the long-term unemployed.

AGRICULTURE

By MICHAEL HORNSEY
AGRICULTURE
CORRESPONDENT

ABOUT £1.8 billion is to be spent over the next three years to protect the health of humans and animals against "mad cow" disease.

This will be on top of £1.5 billion already provided for this year in the battle against bovine spongiform encephalopathy (BSE). Douglas Hogg, the Minister of Agriculture, said: "Public safety is my priority, and the high level of funding allocated... reflects that."

The additional expenditure has been set at £730 million in 1997-98, falling to £580 million in 1998-99 and £490 million in 1999-2000. Without these extra costs, expenditure on agriculture would have declined in real terms over the next three years.

Welcoming proposed increased compensation for upland cattle farmers, Sir David Naish, president of the National Farmers' Union, said: "I am delighted the Government took on board our concerns."

Loss of relief to hit profits pay

By ADAM JONES

KENNETH CLARKE'S decision to phase out tax relief on all profit-related pay (PRP) schemes will hit the wage packets of at least 3.7 million workers, many of them the lower paid.

The abolition will eventually leave higher-rate taxpayers up to £1,600 a year worse off. Basic rate taxpayers will lose up to £960. However, the reductions will not start until 1998, Mr Clarke said: "No one will be affected before then."

PRP schemes, made eligible for tax relief by Nigel Lawson in 1987, embrace all staff levels. Members are allowed a tax-free payment of up to £4,000 a year, or 20 per cent of salary, whichever is smaller. According to the Inland Revenue, the average is less than £1,400 a year.

If Mr Clarke's proposals become law, the £4,000 tax-free maximum will remain until January 1, 1998. Then it will be limited to £2,000, becoming £1,000 in 1999 and zero in 2000.

At Boots, the retail group based in Mr Clarke's home city of Nottingham, an average employee earning £10,000 will be £202 worse off after the abolition. Boots was one of the first companies to take up Mr Lawson's offer of tax breaks. The bonus scheme eligible for relief covers 50,000 staff, many of them part-time.

A Boots spokesman, said: "To take £200 from the average employee is clearly a bit disappointing."

The change also drew criticism from the John Lewis Partnership, the retail group, where all 36,000 permanent staff are partners with access to a profit-sharing scheme.

Stuart Hampson, chairman, said: "I am astonished. We should be continuing to encourage more firms to bring their employees into active

involvement in commercial success, rather than saying the promotion of profit sharing has had its day."

About four million workers are thought to get tax-free PRP: there are more than 14,000 registered schemes. The intention was to encourage staff productivity while reducing company wage bills.

The idea was weakly received at first, but increasing popularity since 1991 created a huge drain on the Exchequer's resources—the cost of relief in the current year has been estimated at £1.5 billion. The cost was exacerbated by firms bending the rules which stipulated that payments under PRP could not be guaranteed. In some cases, artificial subsidiary companies were able to manage the profit stream.

Mr Clarke said the scheme had been a temporary mea-

PRP SCHEMES

sure and had fulfilled its "pump-priming" purpose.

Mr Clarke also said there could not be a two-tier tax system, where 22 million people pay more income tax just because they are not members of PRP schemes.

The Government says the abolition will yield £100 million in 1997-1998, £1,700 million in 1999-2000 and £3,100 million in 2000-2001.

But many in the City were surprised. Many thought the spiralling cost of PRP would be tackled by removing just higher-rate tax relief.

Philip Fisher, of Chantrey Vellacott, the accountants, said companies would have to pay an extra 3-4 per cent in wages to maintain take-home pay levels of the workforce. This pressure could lead to a potential 100,000-125,000 increase in unemployment.

TOTAL PUBLIC SPENDING
1997-1998

Public spending divided up according to the Government department

SPENDING CUT	SPENDING GAIN	NO CHANGE
DEBT INTEREST £24,800m (£22,200m)		
UNEMPLOYMENT £14,100m (£14,300m)		
		KEY DEPARTMENT 1997-98 (1996-97)

SOCIAL SECURITY £79,740m (£76,810m)

EC £2,250m (£1,400m)

HOUSING & ENVIRONMENT £7,600m (£8,380m)

SCOTLAND, WALES & NORTHERN IRELAND £30,450m (£29,360m)
--

HOME OFFICE £6,780m (£6,550m)

DEFENCE £21,810m (£21,420m)

TRANSPORT £5,910m (£4,870m)

TRADE & INDUSTRY £3,070m (£3,250m)
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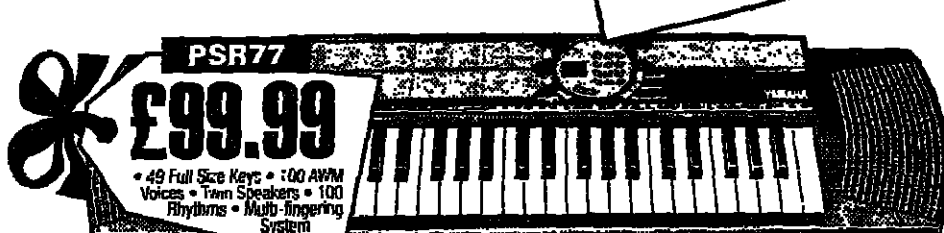
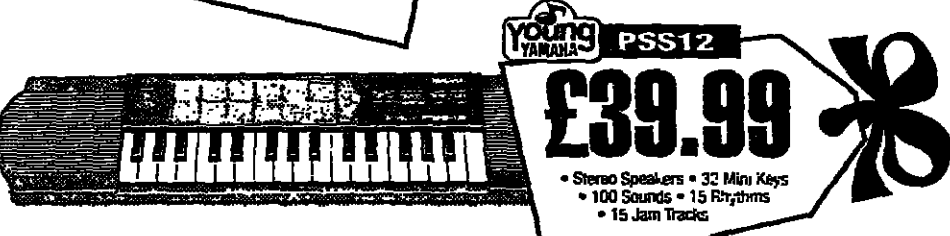
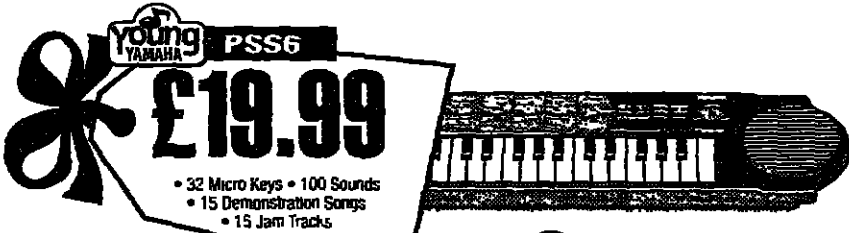
TREASURY £3,170m (£3,270m)

HEALTH £34,940m (£33,970m)

LEGAL DEPARTMENTS £2,710m (£2,730m)

LOCAL AUTHORITY Self-financed spending £13,700m (£13,300m)

LOCAL AUTHORITY Government financed spending (Schools, police, roads) £31,380m (£31,320m)

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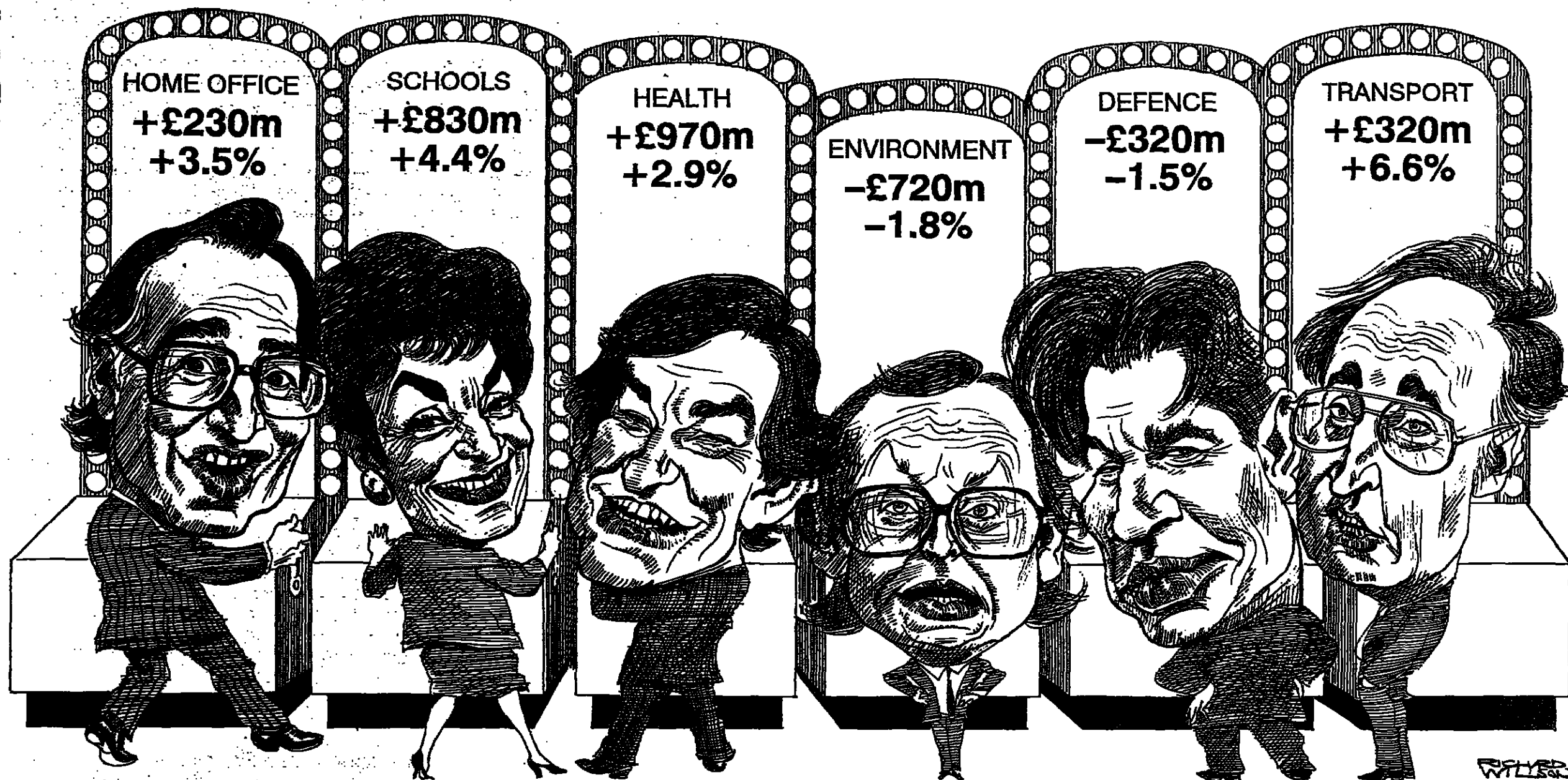
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BUDGET 96

15

Howard, Shephard, Dorrell and Young get more money while Lilley and Portillo must take a cut



Health and education win the battle for funds

By JILL SHERMAN
CHIEF POLITICAL CORRESPONDENT

HEALTH, education and law and order emerged yesterday as the clear winners in the annual battle with the Treasury over next year's public spending.

Stephen Dorrell, the Health Secretary, walked off with the top prize, an extra £1.6 billion, but Gillian Shephard, the Education and Employment Secretary, and his main rival for more money, scooped up an extra £875 million. Michael Howard, the Home Secretary, won an additional £450 million for more police officers and prisons.

The higher than expected rises for the three departments, which the Chancellor had always earmarked as a priority, have been offset by cuts in other less popular

departments. Transport, Defence, National Heritage and Environment have been the main victims of the Treasury knife, which has pared £1.9 billion next year and £7 billion over three years.

Earlier this month Mr Dorrell demanded an extra £1 billion from William Waldegrave, the Chief Treasury Secretary, as NHS trusts warned they would have to close beds and wards due to cash shortages. Following a highly publicised dispute, a rare insight into this year's public spending round, Mr Dorrell received £970 million in real terms.

However, the quid pro quo is a 16 per cent drop in capital spending on hospitals and a much lower than expected estimate for private finance. Prescription charges will also go up by 15p from next April to £5.65. Mr Dorrell also appears to

have suffered in plans for future spending.

Despite John Major's pledge at the Conservative Party conference that spending on health would rise in real terms for the next five years, the Budget Red book shows below inflation increases from 1998.

Gillian Shephard, who secured over £800 million last year for schools, appeared to have gained another unexpected coup. Last year Mrs Shephard went public through a leaked letter warning of the impact of restraints in spending. This year, after a spat with the Prime Minister over the benefits of caring, she was more contrite, but still won a substantial chunk of public funds. Mrs Shephard has also won £100 million to expand pilot workforce schemes.

However critics were quick to point out that the allocation, more

than £700 million higher than planned, could result in higher council tax bills. Mr Clarke admitted that most of the £633 million in local education spending would go in spending assessments to local authorities. Universities may also argue that the extra £280 million for higher education will not be enough to stop the threat of charges for tuition fees.

Mr Howard has gained £40 million to recruit an extra 2,000 police officers by the end of next year, a first step towards a pledge to recruit 5,000 officers. The Prison Service gains an extra £230 million with the aim of providing 8,600 new prison places by March 2000.

Mr Clarke's spending bonanza concealed the abolition of two social security benefits from 1998. Peter Lilley, the Social Security Secretary, made clear when he took

over that he wished to remove the "financial incentives" for lone parenthood. Last year he froze their benefits, but tomorrow he will announce that new claimants will lose both single parent premium (£5.20 a week) and single parent benefit (£6.30 a week) from 1998.

They will instead get the standard rate paid to married couples. Mr Lilley, the rightwinger who heads Whitehall's highest spending department, has managed to stave off further benefit cutbacks, by renewing his crackdown on benefit fraud, which he hopes will save several billion pounds.

Sir George Young, the Transport Secretary, has again suffered deep cuts in his roads budget, with the Government's long-term programme effectively shelved. The original £20 billion roads project has dwindled to a mere £6 billion.

But the cuts are masked with higher than expected cash for railway privatisation to ensure that one of the flagship projects of this Parliament succeeds.

John Gummer, the Environment Secretary, is also a big loser for the second year running with cuts in the housing programme. The Government has reduced money for the Housing Corporation but has insisted that the reductions can be offset by extra private finance for new social lettings.

Michael Portillo, the Defence Secretary has also failed to protect his budget from further cutbacks, although he has argued that frontline services will be protected.

There were few rich pickings for Virginia Bottomley, the National Heritage Secretary or the Lord Chancellor, Lord Mackay of Clashfern. Mrs Bottomley's budget

was cut by more than £800 million, mainly because of rescheduling payments for Welsh Channel 4, while Lord Mackay's cutbacks reflect curbs in legal aid.

Mr Clarke held out the prospect of much higher long-term savings through a £800 million "spend to save" scheme, which he argued would raise between £6 billion to £7 billion in three years through combating fraud and tax evasion. There will be a further squeeze on Whitehall running costs and a public sector pay freeze.

Next year's overall public spending has been reduced from the £268 billion agreed last July to £266.5 billion, up £6 billion from this year.

Over the next two years, the Chancellor has forecast rises to £273.7 billion in 1998-99 and £280.9 billion the following year.



Jacqui Elmslie: Budget "discriminates against everyone in Scotland"

Highland gloom at petrol rise masks Scotch delight

CHEAPER petrol, lower whisky excise duty and relief from high heating bills formed the Budget wish list for the constituents of Inverness East, Nairn and Lochaber.

The 25p cut on a bottle of Scotch brought whoops of delight from the Scotch Whisky Association but the 3p a litre rise on petrol and diesel aroused accusations of an "anti-Scottish" budget that would not win votes in this four-way marginal seat. Jacqui Elmslie, who runs Clach Mhuilinn guest house in Inverness, voted Labour at the last election. "The Conservatives always talk about the Tartan Tax but this Budget discriminates against everyone in Scotland," she said. "The increase in diesel will raise the cost of food and everything delivered here."

Vehicle fuel is already 10p to 15p a litre more expensive in remote parts of the Highlands, where a car is a necessity and the majority of goods are delivered by road.

INVERNESS EAST

Held by Lib Dems with 458 majority. Seat could fall four ways at general election. Region's long-term unemployment is 25.3 per cent.

Public transport is scarce. Mrs Elmslie, secretary of the Inverness and District B & B Association, said the fuel rise, combined with increased airport passenger tax, would discourage tourism, which employs 13 per cent of the region's workforce. There would also be no relief from higher heating bills.

The budget was "good and bad news" for Martin and Sally Moore, of Inverness Fish Farming. Mr Moore, 42, who voted Conservative last time, said: "It is not that the Budget will make me vote Conservative, more that Labour has not convinced me to do other-

wise." The father of three said extra spending on education was vital in a region where council-run schools were the only option. But the rise in diesel fuel, at 25 times the rate of inflation, would hit his business.

The Scotch Whisky Association said the industry had got what it asked for. Steve Tulwicz, 50, malt distiller in Dalmore Distillery, Alness, said: "This helps the whisky industry by taking us towards a level playing field with other drink products such as wine and beer and it takes us closer to European tax levels."

Last year's 4 per cent cut increased United Kingdom sales by 6 per cent and boosted Treasury revenue by £2 million. Mr Tulwicz said he would vote Conservative again.

Alasdair Mathieson, 46, a vet, said the Budget would not change his Liberal Democrat vote. "A 3p increase on fuel is a lot, but apart from that it's a non-Budget."

Small businesses regret Clarke's 'lost opportunity'

By CHRISTINE BUCKLEY, INDUSTRIAL CORRESPONDENT

IAN LANG, President of the Board of Trade, told directors last night that Kenneth Clarke had delivered a "Budget for small business". Small business groups disagreed, arguing that they had needed more differential treatment from the Chancellor.

Mr Lang told an Institute of Directors dinner that the Budget had produced measures to help smaller companies: "Many of these measures were recommended by the IoD in its pre-Budget wish-list."

Small businesses gain from Budget tax and rate reductions. They receive a reduction in the tax on profits from 24p to 23p. The Treasury has calculated that that should benefit three million self-employed people by a little over £3 a week. The rate of corporation tax for small business has also been cut from 24p to 23p, a move that will affect 85 per cent of tax-paying companies.

Business rates for small companies will be frozen next year in a move that will affect 1.3 million smaller businesses. That move will go some way towards placating small retailers who have complained of a harsh squeeze on profitability because of business rates.

On top of the tax and rate reductions, the smallest companies have also seen the threshold for VAT registration increase from a turnover of £47,000 to £48,000.

Brian Prime, policy unit chairman of the Federation of Small Businesses, said the Budget had proved a mixed blessing. "While the freezing of the uniform business rate is welcome, we had hoped for a reduction," he said, adding: "Many small retailers are being put out of business because of these rates." Mr Prime said the Budget had not gone far enough in recognising the different needs of small

businesses, especially in capital allowances.

His views were echoed by the CBI. Tony Bonner, chairman of the CBI's small and medium enterprise council, said that the moves on corporation tax and the uniform business rate were to be welcomed. However, he said: "The Chancellor has missed some opportunities to make small but effective changes to help small but growing businesses. There is nothing to encourage investment in plant and equipment, research and development or the cost of raising equity capital."

He added: "The costs of being in business have been increased by measures such as the significant hike in insurance premium tax. The progressive abolition of profit-related pay does not augur well for future payroll costs." □ Utilities could suffer a blow after a surprise decision by the Government to reduce capital allowances on long-life plant and machinery. The measure will cut the tax break on assets with a life of 25 years or more by reducing the rate at which they are amortised for tax purposes from 25 per cent to 6 per cent a year.

The Chancellor said yesterday that the rate at which costs are written off for tax was too generous and bore no relation to the economic life of the asset. "This is an unjustifiable distortion in the tax system," he said. The measures come into effect today, but will exclude seagoing ships and railway assets. The Government expects to raise £325 million in 1998-99 and £675 million in 1999-2000 from reducing the allowance.

The measures are likely to hurt the water and electricity utilities and other capital-intensive industries, such as the oil industry.

By STEWART TENDLER

AN EXTRA 2,000 police officers on the beat and 8,600 more prison places are promised as spending on law and order rises by £450 million.

The Home Office allocation for next year is estimated at £6.7 billion against an expected bill for this financial year of £6.5 billion. Home Office sources said the extra £450 million will be created by a combination of new money and savings on administrative costs.

Under the plans, police will get a rise of 3.7 per cent in spending next year which will be worth about £220 million.

2,000 extra bobbies on beat

The figure includes a special allocation of £40 million to fund another 2,000 officers as part of the Prime Minister's pledge to get another 5,000 beat officers on the streets over three years.

Police authorities had asked for a 6 per cent rise and chief constables lobbied for 4.7 per cent. Individual awards to forces will be

known later today. The Police Federation welcomed the money for additional officers: "The Federation has been campaigning for extra manpower for several years. The money must be concentrated on the beat, where officers are closest to the public."

The prison increases are planned to come in gradually by March 2000.

The new places will be the equivalent of 14 new prisons and include 3,000 places in new blocks in existing prisons, 720 places in portable buildings and 3,700 places in five new prisons, including three privately run establishments.

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BUDGET 96

Ebullient Chancellor looks forward to growth, prosperity,

We need an economic policy for the next five years, not next five months

The British economy is today prosperous and successful. This Budget will make it even more prosperous and an even bigger success over the coming years.

When I presented my first Budget in 1993, it was against a very different background from today. Although the recovery had begun, consumer confidence had not yet returned. Growth was not yet firmly established. Further firm

action was needed on the public finances, and our critics were peddling doom and gloom.

The recovery is now in its fifth year. Consumer confidence has returned and we are achieving something unprecedented for a generation — growth with low inflation and without a widening trade gap. But one thing has not changed: our critics still peddle doom and gloom.

In my first two Budgets I curbed

the growth of public spending and took firm decisions on tax, which have brought borrowing down by almost half since 1993. Last year, in my third Budget, I was able to return to cutting tax while spending more on the public services that people care about most — health, schools and the police — and keeping borrowing on a firm downward path.

This year, I am presenting a Budget that builds on my last three.

It reduces public spending plans further while providing more money for priority services. It makes responsible progress on our tax-cutting agenda while getting borrowing down faster. This is not a reckless Budget on tax or spending. In the run-up to Christmas I am not going to play Santa Claus, but this year I do not have to play Scrooge either.

I have one overriding aim: the lasting health of the economy. We are securing that by creating the best conditions for British businesses and men and women to earn a living. All my Budgets and all my policies have been designed to set this country on course to be the strongest industrial economy in Western Europe.

ECONOMY

The British economy is in its fifth successive year of steady, healthy economic growth, with falling unemployment and low inflation. These are the best circumstances we have faced for a generation. This is a Rolls-Royce recovery — built to last. The IMF and the OECD expect the UK to be the fastest-growing major European economy again next year. By then we will have grown faster than France or Germany five years in succession for the first time in half a century.

This time, unlike so many previous recoveries, healthy growth has been accompanied by the best inflation performance for nearly 50 years. And restrained growth of earnings has been good news for jobs.

The British labour market has become our flexible friend. Employment began to rise sooner and unemployment began to fall sooner than in the previous recovery. Growth creates jobs quicker in a flexible labour market.

The OECD has praised us for having one of the least regulated labour markets in the industrialised world. High social overheads, minimum wages and unnecessary legislation do not protect workers; they cost jobs. Unemployment is still rising in France and Germany. It has fallen sharply here, to its lowest levels for more than 5½ years.

In the bad old days recoveries were derailed by balance of payments crises. In this recovery, the current account has actually improved, despite the slowdown in our main European markets. In fact, we now have a current account broadly in balance — our best overall trading performance for nearly ten years.

ECONOMIC POLICY

I want to ask the British people: in the years ahead do we seriously want to be prosperous? I think we do. If so, we need an economic policy aimed at the next five years, not just at the next five months. We want an economic policy that will go on delivering our enviable combination of rising prosperity, low inflation and more jobs. That is my purpose in this Budget. This Budget secures a prosperous future for all sections of our people and their families. It is a Budget not just for today but for tomorrow. This is a sensible Budget for growing prosperity.

The last thing the British economy needs now is a change of direction. We need at least another five years of this Government's continuous vigilance on inflation. We need more of this Govern-

ment's determination to reduce government borrowing.

We need another five years of this Government's commitment to raise the wealth-creating potential of the economy, by improving incentives, reducing the role of the State and creating a climate for enterprise.

I expect the economy to grow by 2.5 per cent this year and 3.5 per cent next year, and there are few serious commentators who will disagree with that. By keeping a close eye on the prospects for inflation up to two years out, and by taking sensible early action if and when necessary, I intend to ensure that healthy growth continues without inflationary pressures emerging. That is what I have always promised: no return to boom and bust.

I expect consumers' expenditure to continue to be the main engine of growth next year. The real value of take-home pay is growing strongly. The housing market recovery is firmly established. I hope that negative equity can soon be consigned to the economic history books. People are feeling the improvement in their family finances. Consumer confidence is at its highest levels for more than eight years.

I expect consumer spending to grow by 3 per cent in 1996 as a whole. But it has been strengthening through the year. I expect stronger growth to continue, with consumers' expenditure rising by more than 4 per cent next year.

INVESTMENT

This recovery is not just about a more confident consumer, however. Businesses are optimistic, too. The climate for business is excellent: strong demand at home and a recovery in our key export markets present British industry and commerce with tremendous opportunities.

Interest rates and tax rates remain low and profitability is high. The result has been business investment growth of 6 per cent so far this year. I expect business investment to continue to grow strongly: by almost 10 per cent next year.

These excellent conditions for business are not lost on overseas companies looking to invest for the future. Let us never forget the most valuable practical endorsement that we get for our sound economic policies. The UK remains the No 1 destination for inward investment into the European Union. Keeping our enterprise economy on course at the heart of Europe will keep us in pole position.

EXPORTS

Exports have grown by almost 20 per cent over the last two years — an impressive performance in the face of weak demand in our key European markets. This achievement is down to our strong cost-conscious British exporters. They will benefit further next year as the tentative recovery on the Continent becomes more established. I expect export volumes to rise by more than 7 per cent this year and 6 per cent next year.

The current account has been close to balance during the last 2½ years, thanks to strong growth in exports and income from our investments overseas. I expect the current account to remain broadly in balance this year and next.

Our thriving economy is creating jobs. Employment has risen by more than 750,000 since the recovery began. Unemployment has fallen by almost a million from its peak. It will soon drop through the two million mark. This is still too high and I want it to go on falling and I expect it to go on falling.

INFLATION

We are on course to get underlying inflation down to our target of 2.5 per cent or less and to keep it there. In October, underlying inflation rose slightly, to just more than 3 per

cent. This should not have surprised anybody who looked at last year's statistics. It is a temporary and inevitable reflection of the exceptional falls in the price level 12 months before.

Let me give you my concrete reasons for being so confident about low inflation. Apart from oil prices, which have risen sharply, commodity prices are steady and are not putting upward pressure on inflation. Earnings growth remains sensible and modest. Producer price inflation — a good indicator of what is in the pipeline for retail price inflation — is at its lowest levels since the 1960s. Producer input prices are actually lower than they were a year ago.

Any risk to this recovery from inflationary pressures re-emerging remains a good way off. But as I have demonstrated again and again, when I see any risks I will act. I will continue to stay ahead of the game on monetary policy. Eddie [George] will keep me steady and I will continue to be canny.

I expect underlying inflation to meet our target of 2.5 per cent or less. I will ensure that it goes on meeting that target for the foreseeable future.

PSBR

Good progress has been made in reducing public-sector borrowing, but not as fast as I expected. The Budget therefore targets public-sector borrowing. One reason why I continue to concentrate so heavily on public-sector borrowing in setting policy is because money spent paying the interest on our debt would be better spent on public services and to reduce taxes.

We are making good progress on bringing down borrowing, but lower than expected tax revenues mean that it has not fallen as fast as I expected in the last Budget. This is not bad news for everyone. People

Government borrowing has been coming down for three years. This Budget will ensure it keeps coming down.

are no doubt quite glad not to be paying as much tax as I expected. As I am the Chancellor, I prefer to keep any tax cuts under my control.

The causes of these shortfalls in our forecasts of tax revenue, primarily on VAT but also on direct taxes, cannot wholly be explained by any experts inside or outside the revenue departments. But there does seem to be an increasing tendency to exploit loopholes and use special reliefs in an artificial way to reduce tax bills. Those sort of tax cuts are unacceptable. If they are not tackled every year in the Budget they mean that a few people pay less tax but the rest must pay more.

In this Budget I will propose a number of measures to stem tax leakage, to protect the ordinary taxpayer and make sure we get the right tax from the right people. When I reduce tax I want to do so in a way that is fair for businesses and fair for the hardworking man and woman.

Government borrowing has been steadily coming down for three years. This Budget will ensure it keeps coming down. I expect the Public Sector Borrowing Requirement to be £26.5 billion this year. That will mean it has halved as a share of GDP over the past three years. I expect it to come down to £19 billion next year and to be broadly in balance by 1999-2000.

That pattern of declining borrowing is very much better than the one I had to put in my Summer Economic Forecast last July — £4 billion better next year. A large part

of that improvement is the result of the measures I am taking in this Budget. This Budget tightens fiscal policy. I am tightening fiscal policy now to reduce the risk of having to tighten monetary policy excessively as I set policy to hit my inflation target.

My decisions are always taken solely in British interests to benefit the British economy. But my decisions in this Budget also mean that, by happy coincidence, we will meet the Maastricht debt and deficit criteria in 1997, and we will do even better than that in the medium term. It is a happy coincidence because those criteria make sound economic sense, with or without a single currency. Our option whether to join, or stay out of a single currency, based on British national interest, remains a genuine choice for the next Parliament to exercise, when the time comes.

This Government is the champion of sound public finances, of limited government and of low taxation. Our combination of low taxation, low public spending and low debt is the best in Europe. We intend to stay in that enviable position. We can only do this if we continue to bear down on public spending.

PUBLIC SPENDING

In the 1980s, across the rest of Europe, the modern state remorselessly took an ever greater share of almost every nation's wealth. We in Britain held the line. The proportion of GDP going into government spending in the UK is now 8 per cent lower than the average in the rest of the European Union. If our spending had risen to their levels we would now have to raise nearly £2,300 a year more in tax from every household.

I have set a target of 40 per cent or below for the share of national income that goes on public spending. Making progress towards this target means tough decisions on public spending every year. But this year we have had to cope with the costs of BSE, and larger than expected increases in the costs of social security as more and more elderly and disabled people receive benefits to which they are entitled.

Against this background, we had to keep the rest of public spending within the tightest possible limits in order for us to spend more on the public services people really care about — education, combating crime and the health service.

This country has been well served by my Right Honourable Friend the Chief Secretary who has successfully tackled this problem. Despite all the difficulties, we have been able to reduce public spending plans over the next three years by a further £7 billion in this Budget. Public spending next year will be more than £24 billion lower than was projected when I became Chancellor — a reduction of 7 per cent.

We have been able to reduce spending plans because we have lower inflation, falling unemployment, a continuing campaign for efficiency in the public sector and sensible policy priorities. On top of that, the Government's relentless drive against fraud and abuse of tax and benefits will be stepped up another gear.

Next year we are going to meet our target of 40 per cent for the share of national income that goes on public spending. In last year's Budget I said I would make 40 per cent in 1997-98. This year's Budget secures that important goal. So long as we keep the growth in public spending down below the growth in the economy, we will go below that.

EDUCATION

Education is the key to the future of any prosperous and civilised society. It helps to determine how well the economy performs in the long run. It also helps to determine the sort of citizens we are and the sort of society we have. This Government

Continued on facing page



MICHAEL BENNETT

BUDGET 96

17

personal security with a re-elected Conservative government

From facing page:
is committed to raising standards in education. As a result of last year's Budget £878 million extra was provided for schools this year. We are giving schools priority again in this Budget. Planned expenditure on schools will rise by another £830 million next year. A large proportion of this money, £633 million, will be channelled through the local authorities.

Judging by last year's experience, some local authorities are reluctant to pass these increases on to their schools, preferring to spend the money on other areas. It is no good local authorities campaigning for more spending on education in the autumn and then spending their money on other things in the spring. Parents will want to make sure their local authorities spend money on the things they want for their children — good teachers and better-equipped schools.

A good school has a value far and beyond its buildings. But the quality of school buildings in which our children are taught is still very important. We will be providing an extra £50 million on top of the previously planned provision for more capital investment to improve the fabric of our schools.

By setting high standards for schools and increasing choice for parents, this Government is delivering better-trained and better-qualified young people. Almost one in three young people now goes on to university, compared with one in eight in 1979. And our universities and colleges maintain some of the highest standards in the world despite the pressure on the universities of this unprecedented explosion of opportunity for young people has produced.

But I recognise this pressure and I also realise that our universities and colleges make an important contribution to the economy. My Budget therefore includes £280 million to boost further and higher education over the next two years. This includes an extra £20 million next year for science equipment. We want to ensure that the British science research base remains the best in the world, which it certainly is at the moment.

As the Education and Employment Secretary announced in September, the Government is planning a substantial sale of student loans debt. It makes no sense for the Government to keep a huge portfolio of loans on its books when the private sector could manage it more effectively and is better placed to cope with the risk. The sale will have no effect on the terms on which students can get loans. The substantial reduction in the figures for education that members will find published in the new spending plans is more than accounted for by the sale of this debt. We will actually spend more on the things that really matter — educating our children and young people.

COMBATING CRIME

This Government believes that effective law and order is an essential part of making Britain a nation at ease with itself. A good-quality police service and an effective system of criminal justice are high on the list of this Government's priorities.

When it comes to spending on law and order this Government has a record as long as your arm. Spending has already doubled in real terms since 1979. Provision for combating crime — police and prisons — will now rise by another £450 million next year. Our plans provide for 2,000 more police constables by the end of next year. We are well on course to meet the Prime Minister's pledge for 5,000 more constables.

HEALTH

Our health service, with treatment free at the point of delivery, is the envy of the world. In every modern civilised society the demand for better healthcare, for new techniques to save lives and improve our quality of life grows constantly. This Government completely understands that. That is why we have increased spending by some 75 per cent in real terms since 1979. That is why the Prime Minister has pledged more resources for the National Health Service in real terms every year throughout the next Parliament.

We are also spending that money better. We have reformed the NHS

so it is much better managed and much more efficient. When waste is reduced, more can be directed to higher-quality patient care. This means that patients get more treatment and care out of every pound that we spend.

For next year, we will increase current spending on patient services by £1.6 billion, or 2.9 per cent in real terms. The real increase in current spending for hospitals next year over and above inflation will be 3 per cent. On top of this, Private Finance Initiative investment will play an increasingly important role in providing new healthcare facilities. The PFI contract for the Norfolk and Norwich Hospital scheme, worth close to £200 million, was signed yesterday and others will follow. PFI investment in the NHS will reach some £900 million over the next three years on top of the increased public spending I am announcing.

The NHS will continue to grow and continue to improve. We are totally committed to the National Health Service as a public service providing high-quality up-to-date treatment, free at the point of delivery. By our decisions on public spending we prove that the NHS remains at the top of the Government's priorities. The NHS has been safe in our hands and it will always be safe in our hands.

OTHER SCHEMES

This year's spending round was as tight as any I can remember. I am eye-wateringly tight, but we never lost sight of our objective which is to sustain and improve the key public services that the British people care about: education, combating crime and our health service. In part we have achieved that by increasing efficiency within the priority services but inevitably we have also had to find savings in other programmes.

Falling unemployment and lower inflation have helped to reduce the social security and employment programmes. We are also continuing to transfer activities to the private sector where this is more efficient, as it is for student loans. We have refused the housing programme to encourage the use of private finance and the transfer of the local authority housing stock to the private sector. We are stepping up our programmes against fraud. We are continuing our remorseless squeeze on the costs of bureaucracy

6 This Government believes that effective law and order is an essential part of making Britain at ease with itself

itself. And we have looked in every department for ways of achieving our objectives more economically. With efficiency savings, most departments will be able to deliver their programmes next year, but with less money in real terms.

PRIVATE FINANCE

People pay their taxes in order to get good quality public services, not to accumulate state-owned buildings. This simple truth has led to the development of the Private Finance Initiative. The PFI helps to square the circle of sound public finances and growing demand for better and more modern public services by tapping the expertise and the resources of the private sector.

A year ago we had agreed £15 billion worth of deals — now we have agreed £7 billion, and we are on course to double that by March 1999. Time and again the taxpayer is getting better value for money, through new road schemes, new prison services, and Information Technology projects. And reforms to local government rules are bringing the PFI into new areas — notably schools.

London is currently experiencing a transport investment boom under the PFI: the Channel Tunnel Rail Link, Thameslink 2000, the Docklands Light Railway extension, and the A40 and A13 improvements. This is in addition to conventional public and private capital spending on the Jubilee Line extension, the

Heathrow Express and the new A12-M11 Hackney Link. Investment in London Transport is now running at 50 per cent in real terms above the average for the 1980s. London will soon become one of the biggest construction sites in the country. As a man from Nottingham, I can only say that I hope London will be even nicer when it is finished.

Adding traditional capital spending to PFI investment, publicly sponsored capital spending in the United Kingdom in the next three years will be substantially higher in real terms than it was in the 1980s.

SOCIAL SECURITY

One third of all public spending goes on Social Security. Our social security system is there to provide an income when people cannot earn because of sickness, disability, unemployment, caring for relatives or old age. People on the left and right of politics continue to search for a radically different and better way of meeting these needs in our wealthy nation. I have studied many of their proposals and so far, I am afraid, nobody has yet come up with anything remotely sensible or practicable.

Until they come up with a radical alternative, if they ever do, our welfare safety net must remain affordable. It must not be allowed to damage the incentives of individuals or businesses in the private sector, because it is the wealth-creating enterprise economy that sustains our social security system. In the post-war period social security has grown in real terms by around 5 per cent a year. In recent Budgets we have taken action to bring that growth under control. We now expect future growth of 1.5 per cent a year. Well below the growth of the economy.

Year after year, this Government has also vigorously attacked fraud and has reformed benefits to target them on those in genuine need. The measures I now propose in this Budget intensify these efforts yet again.

We plan a further move to align the benefits paid to lone parents and couples with children. From April 1998, new awards of Family Premium and Child Benefit will be the same for lone parents and couples. And we are introducing a number of measures on housing benefit and Council tax benefit to ensure that those on benefits do not have a more comfortable lifestyle than those who are supporting themselves on modest incomes. That would be unfair and unwise. Full details will be made available later today by my Right Hon Friend the Secretary of State for Social Security.

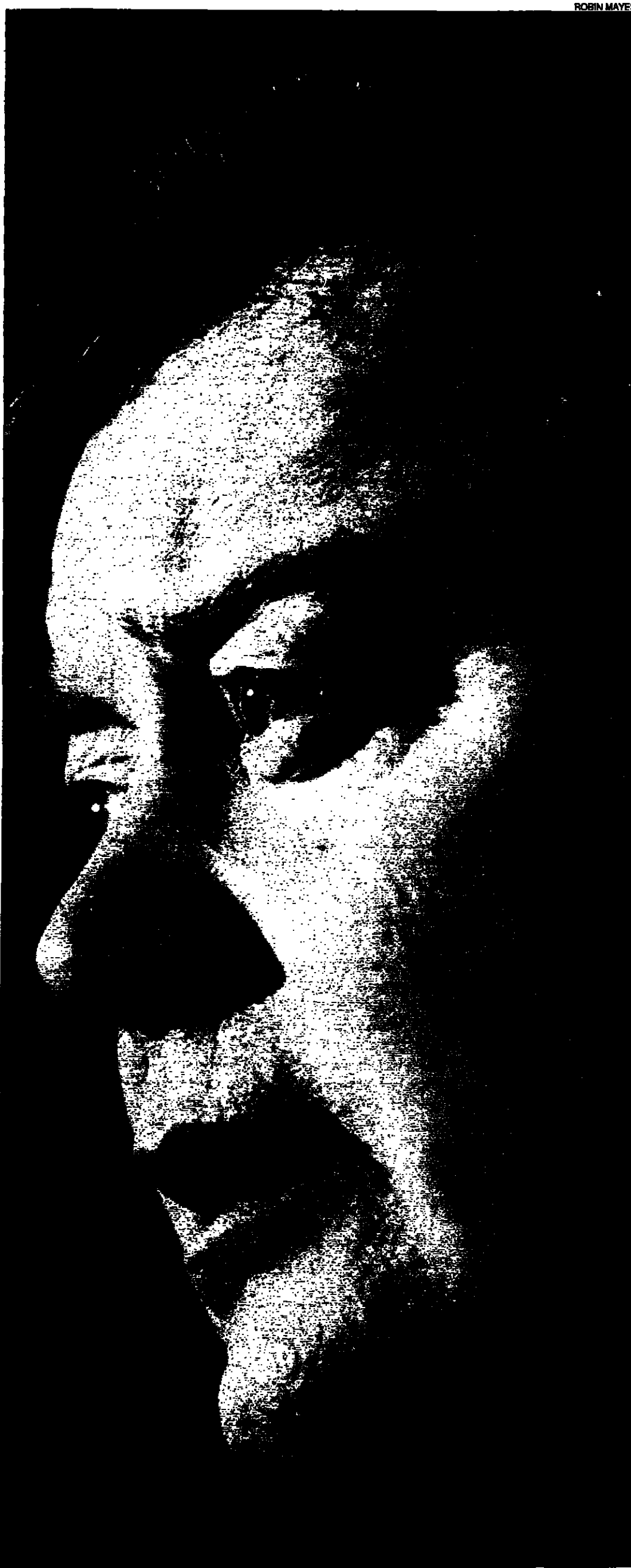
In my Budget two years ago, I announced a whole package of measures to help the unemployed get back to work — from improvements to the Family Credit System to National Insurance holidays for employers taking on long-term unemployed people.

In this Budget I am providing another £100 million of new money, mainly targeted on people who have been unemployed for 2 years or more. They will be required to attend a compulsory programme of interviews with the employment service to give them a helping hand to compete in our ever improving market for jobs.

We are expanding Project Work pilots to a further 28 areas. This will create up to 100,000 new opportunities, on a programme with a good track record for getting long-term unemployed people back to work. I can also announce pilots for a new scheme called "Contract for Work". Private contractors will help people to find work. These firms will be paid by results. As with Project Work, if the scheme works better than the existing approach, we'll expand it.

Dependency impoverishes us all. The welfare system should provide a safety net. It must provide the support that a caring society wants to give to our less fortunate fellow citizens. But the welfare system must never become a way of life. We do not want our social security system to be undermined by resentment. We have to take these careful measures because we are serious about protecting those in genuine need and we want to go on delivering that protection for the future.

We want to combine a strong affordable welfare system with a successful low tax economy. That



ROBIN MAYES

paying VAT. These measures will raise £750 million in revenue next year, but they also protect a further £1,500 million a year of existing revenue from further attack.

Customs will restrict access to special VAT schemes for retailers. We will also tighten up the rules of VAT relief schemes for bad debts, and the option to tax commercial property, to prevent widespread abuse of these reliefs. I also propose to take steps against retailers who reduce their VAT bills when selling insurance with their products.

We announced a three-year limit on repayments of VAT claims. This was a sensible precautionary measure. Recent high profile court cases have revealed the potential exposure of the Exchequer to claims for tax going back to when the tax was first introduced. No responsible Government could leave the Exchequer, and ultimately, all taxpayers, exposed in that way. Government needs to strike a balance between what is fair to the individual taxpayer, and what is fair to the whole body of taxpayers.

6 I think the message I have repeated has been understood. If there are to be tax cuts they must be for keeps

The three-year cap strikes that balance.

But one feature that attracted particular criticism from accountants and their clients was that Customs still retained the right to claim underpaid tax going back six years. This argument was rather disingenuous because Customs do not claim underpaid tax on unexpected changes to the interpretation of the law when those go against taxpayers. However, Government must not only be fair — it must be seen to be fair. I have, therefore, decided that Customs' right to claim underpaid tax, in cases where no fraud or malpractice is involved, should be restricted to three years as well.

I will be releasing details today of a package of measures to stamp out tax abuse in a number of areas including leasing transactions, the abuse of foreign tax credit rules, and paying employees in their own company's shares. I am sure these will be accepted as necessary and sensible measures to stem the growing loss of tax revenues. And to protect the ordinary tax payer.

I will not tolerate tax abuse. A number of these measures are being introduced, subject to the Finance Bill becoming law, with effect from today.

Special tax reliefs can be a powerful tool. They can play an important pump-priming role, encouraging companies and individuals to change their behaviour in a way which benefits the wider economy. But by their very nature, they need to be used very selectively. We owe it to the ordinary tax payer to keep each and every special tax relief under constant review to determine whether it is still justified, or whether it has now served its useful purpose.

PROFIT-RELATED PAY

The tax relief this Government introduced in 1987 to promote profit-related pay schemes has been a success. It has played a key role in reinforcing this Government's strong beliefs that employees' rewards should depend on the success of the business for which they work.

I have always believed, and argued publicly for years, that in a modern enterprise economy people's pay should be closely linked to the performance of the business for which they work. The best way for businesses to motivate their staff is to let them share in the rewards of success. I am delighted that tax reliefs have helped to get this idea accepted so widely.

The tax relief on profit-related pay was always intended to be a pump-priming measure. As Nigel Lawson said in 1986: "There is considerable inertia to overcome, so it might make sense to offer some temporary measure of tax relief." Profit-related pay is now firmly established as part of British businesses' pay policy. Over 3.7 million people are in schemes. Ten years on, the tax incentive has successfully served its pump-priming purpose.

I can no longer justify the increasing cost of the tax relief to the 22 million taxpayers who are not in profit-related pay schemes. We cannot permanently divide the workforce into groups who pay different levels of tax on the same earnings depending on whether the firm they work for is in a scheme or not. The goal of widespread use of PRP has been achieved and I would rather make faster progress on lower taxes for everybody.

Good managers do not need a tax relief any more to know that pay should be linked to their firm's performance. Pay linked to profits produces its own rewards on the bottom line in a thriving economy. It is therefore time for the

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including yet more to stop the smuggling of alcohol and tobacco.

The "spend to save" package will cost £800 million over the next three years to secure revenue and expenditure savings of well over eight times that amount — £6.7 billion.

"Spend to save" protects the ordinary taxpayer and the people in genuine need of benefits. It is not about more bureaucracy or more red tape. We remain a government committed to deregulation, and committed to a more efficient Civil Service.

We have cut overall running costs of central government departments by 8 per cent in real terms since the start of this Parliament and we are going to reduce them by a further 7 per cent by the end of the decade. Civil Service numbers are already below 500,000 and we expect this fall to continue.

TAXATION

The first duty of Government is to make sure that people can live their lives as they want and that businesses can flourish. People must have the opportunity of a good-quality job to go to, a good standard of living, good schools and hospitals and safe streets to live in. Only when those essentials are secure, and only when the Government has made sure that it is not borrowing more

than it should, can a government think about tax cuts.

Last year I cut taxes paid by the ordinary family and this year I am able to cut a little more. I think that the message I have repeated over recent months has now been understood. If there are to be tax cuts, they must be for keeps. They must be backed not only by sound spending decisions but by a sound fiscal judgment.

Consumer spending is strong and inflation remains in check. But a fiscal stimulus to the economy at this stage could be just as damaging as letting go of monetary policy. So, in setting my Budget, I have struck a careful balance.

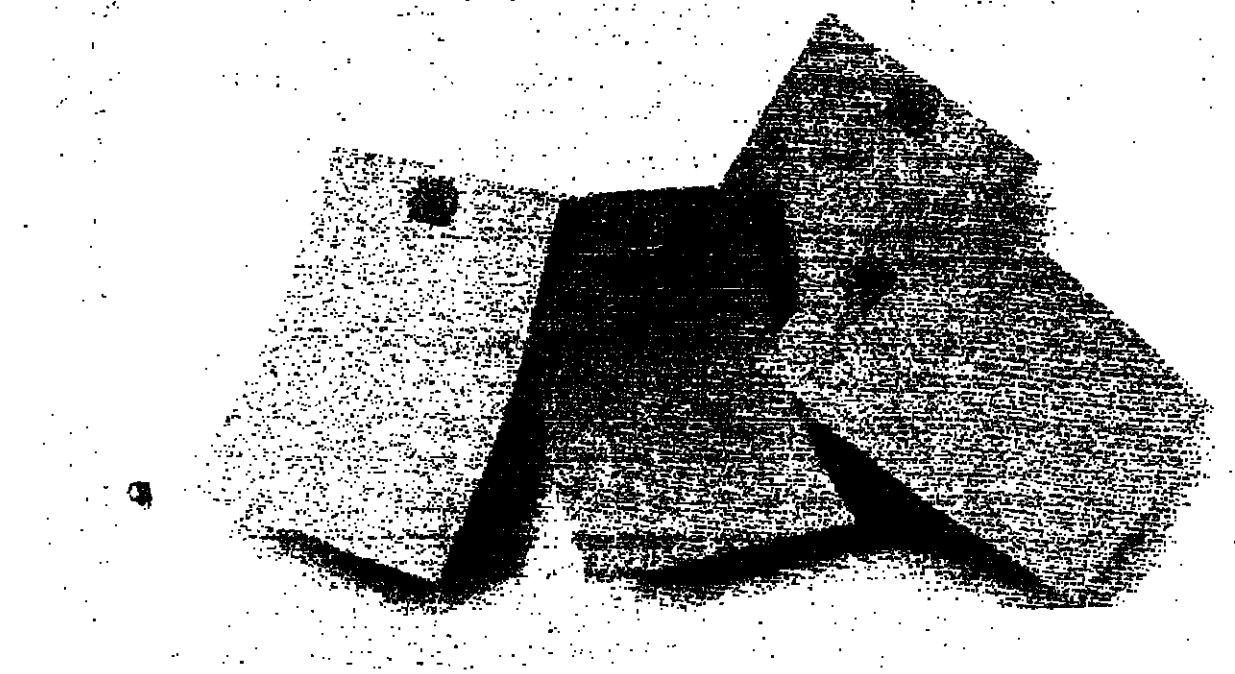
I want to cut taxes, but first I have to continue my drive to secure the tax yield. I have to make sure that tax due is turned into tax paid. The balance of the tax burden must be distributed sensibly and fairly and it must not distort decisions or competition.

I am introducing a number of measures that will help us to achieve this. I am plugging some loopholes, ending some tax reliefs that have done their job and adjusting some indirect tax rates.

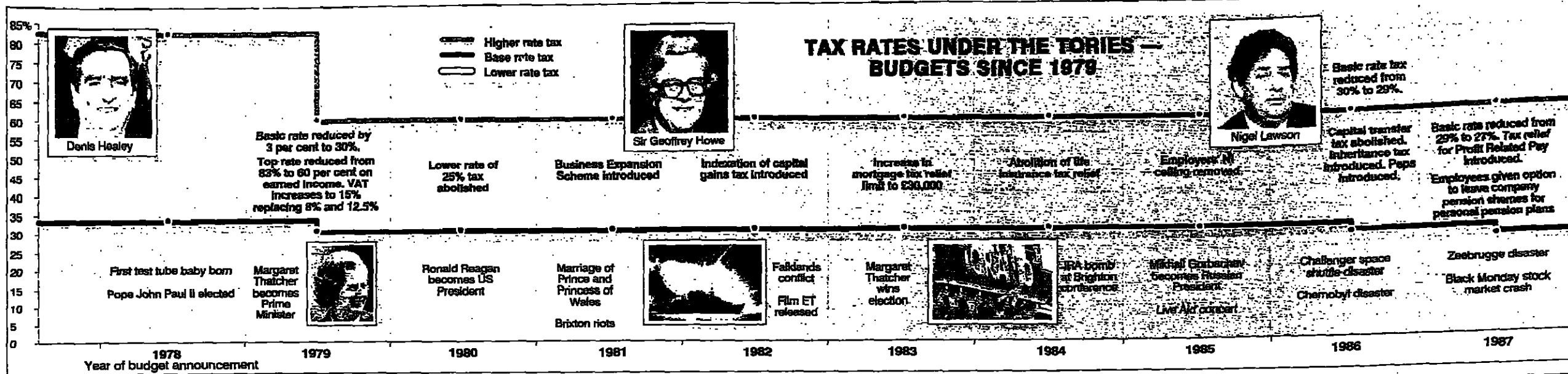
Even though VAT revenues have revived in recent months, they are still coming in significantly below what was expected last year. This Budget includes a crackdown on some of the clever wheezes that have sprung up to get around

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Government to start to withdraw this special tax relief. I intend to do this gradually, to ensure that businesses which need to adjust their pay packages and their sharing of the rewards of success have ample time to do so.

The upper limit of pay attracting the relief will remain unchanged at £4,000 until 1998 and no one will be affected before then. It will then be progressively reduced until the year 2000, when the relief will be withdrawn altogether.

Capital allowances for long-life assets investment is vital to our recovery, and business investment is now growing strongly. The tax system recognises investment through capital allowances. These allow the cost of investment to be written off against tax bills, frequently faster than it is written off in commercial accounts.

For plant and machinery with a long lifespan, the rate at which costs can be written off for tax is far more generous than for other types of investment and bears no relation to the useful economic life of the asset. This is an unjustifiable distortion in the tax system.

I propose changing the capital allowance for plant and machinery with a life of more than 25 years to 6 per cent on a reducing balance basis. This will spread the tax relief more evenly over the average life of these assets. Groups spending less than £100,000 a year on such assets will be exempt. This will mean that the vast majority of small companies will not be affected. Ships and railways will also be exempt.

I also propose to withdraw the 100 per cent corporation

tax deduction for the intangible costs of drilling most production oil wells.

OTHER TAXES

This Government recognises that low marginal tax rates on income are a spur to hard work and enterprise. Taxes on spending do less damage to effort and enterprise than taxes on income. But the balance of the taxes on spending must be right. And I am making some changes to taxes which help to move towards a better balance for the tax system as a whole.

I propose to increase insurance premium tax, which applies to most general insurance, to 4 per cent. Three-quarters of all insurance, including life and other long-term insurance, will remain exempt. Insurance remains under-taxed for consumers compared with other services in this country. The introduction of the tax did not harm the healthy insurance industry that we have. Most companies absorbed the tax and some premiums actually fell for a time. Even after this further modest change, the overall rate of insurance premium tax in the UK remains very low — lower than in almost any other European Union country.

Air travel has also been under-taxed because it has proved difficult to get international agreement to tax the fuel. The rates of air passenger duty are to be increased. The £5 rate on flights to most European countries will be increased to £10, and the £10 rate on flights to the rest of the world will be increased to £20. These increases will not come into effect until November 1, 1997, to give tour operators

time to reflect these new rates in the prices they publish in their brochures.

Business travel is soaring and the holiday business is booming at the moment in prosperous Britain and this modest change will not stop it booming in future prosperous years. About 40 per cent of the revenue raised by this tax is borne by overseas visitors.

I am making the same changes to the main vehicle excise duties this year as I did last year. The cost of a car tax disc will go up by £5, about the rate of inflation. The cost of a lorry tax disc will be frozen for the seventh year in a row.

I firmly believe that motorists should bear the full costs of driving, not only wear and tear and congestion on the

Motorists should bear the full cost of driving, including environmental costs

roads, but also the wider environmental costs. Even those of us who frequently have to drive can take steps to cut fuel consumption and we all ought to consider carefully the use of our cars.

I intend to stick to my 1993 Budget commitment to raise road fuel duties by an average of at least 5 per cent each year in real terms. In line with this I am raising the tax on all petrol and diesel by 3p per litre

from 6pm tonight. These tax rises will encourage fuel efficiency and help to control harmful pollution.

AIR POLLUTION

Pollution from vehicles is already coming down, helped by tax measures in previous Budgets. Those to encourage unleaded petrol were a huge success. It now accounts for two-thirds of the petrol market. I want to go further in this Budget to attack pollution in cities and to improve air quality by effective steps to reduce particulate emissions — the smoke produced by diesel engines.

In recent years, new evidence has come to light strengthening the health arguments for reducing particulates. This pollution is being reduced, but we all want to see it being reduced further and faster.

Ultra-low sulphur diesel is cleaner than ordinary diesel, but is slightly more expensive to produce. I want to create the conditions where ultra-low sulphur diesel can cost the same as the pump as ordinary diesel. I have just said that I am increasing the tax on diesel by the same amount as petrol. I plan to reduce the duty on ultra-low sulphur diesel by 1p per litre relative to ordinary diesel, when I get the necessary international agreement.

I also want to encourage high-mileage vehicles in our towns and cities to switch to cleaner gas power. Last year's Budget changes broadly equalised the pump prices of gas and petrol. From 6pm tonight I am reducing the duty on road fuel gases by a further 25 per cent.

I also intend to reduce

vehicle excise duty by up to £500 for lorries that meet very stringent emissions standards from early 1998. This will give an incentive for lorry owners to fit particulate traps or to convert to gas power. We will be consulting on the practical details of these changes.

I believe that this air quality package will significantly speed up the reduction of urban emissions of particulates, helping us to meet our air quality targets for 2005 and beyond. We intend to ensure that economic growth in this country is consistent with a healthy environment and sustainable development.

TOBACCO

In my 1993 Budget I gave a commitment to raise duty on tobacco by more than inflation each year. I believe this is a fair and effective way to hammer home the message that smoking can seriously damage your health. So far as I am concerned, this is necessary masochism in the wider public interest.

From 6pm this evening the tax on a packet of 20 cigarettes will increase by about 15p, on a packet of small cigars by about 7p and on a packet of pipe tobacco by about 8p.

I am, however, limiting the increase in the duty on hand-rolling tobacco to the rate of inflation. Hand-rolling tobacco is proving to be by far the easiest tobacco product to smuggle, although it represents a very small part of the tobacco market.

ALCOHOL

I am aware of the serious problem that cross-border shopping and smuggling of alcohol causes our drinks industry. I have already announced that Customs is stepping up its efforts to catch smugglers.

Last year I was able to freeze the duty rate on beer and wine. This year it will remain frozen. The proportion of tax on the price of a pint in the pub is now at its lowest level for 30 years. For some of us, that helps to keep our small cigars affordable.

Last year's cut in the duty on spirits was the first for 100 years. I was tempted to maintain a striking rate of once every 100 years. But I am sure the industry will be glad to know that they will not have to wait so long this time.

From 6pm tonight the tax on whisky, gin and other spirits will fall by another 4 per cent, worth 26p a bottle. The reduction in the rate on spirits boosts an important industry in the UK. It will also reinforce last year's signal to overseas authorities not to discriminate against our products. Only smugglers will regret that we are slowly moving our duty on spirits nearer to the continental level.

From January 1, the tax on alcoholic soft drinks will be increased by more than 40 per cent, by between 7p and 8p a bottle. This will help to meet public concern about the attraction of these "alcopops" for underage drinkers and it will also attack a distortion of competition by bringing the tax broadly into line with beer.

BUSINESS

Nothing matters more for business than a stable economic environment — low interest rates and low inflation. Businesses throughout Britain are benefiting from the healthy sustainable growth in the economy that I have described today.

As I promised in my last Budget, from April 1997 there will be a cut in the main rate of employers' National Insurance Contributions, to 10 per cent, paid for by the proceeds from the landfill tax. A tax on waste to cut a tax on jobs. This will benefit employers in Britain and make it cheaper to create new jobs in our growing economy.

Our overheads on jobs are already less than half those in Germany, France, or Italy. I am determined to keep that advantage over our continental competitors where the creation of new jobs is over-regulated and over-priced. This is another reason why I

SPEECHES THAT ENTERED THE HISTORY BOOKS

The good, the bad and the downright tedious



Long and short of it: Gladstone's record was four hours longer than Disraeli's



IN 1987, the Budget speech of Nigel Lawson, the Chancellor, lasted a meagre 59 minutes — the shortest since 1867 when Benjamin Disraeli crammed the speech into 45 minutes.

□ The longest Budget speech was made by William Gladstone in 1853 and lasted four hours and 45 minutes.

□ The 1980 Budget day fell on a Wednesday, ignoring the typical Tuesday tradition. □ Budget day in 1976 coincided with the first exposure to Question Time of the new Prime Minister, James Callaghan.

□ There were two Budget days in 1979 — one during the Labour administration and one after the Conservative general election victory.

□ The 1965 Budget was mould-breaking not only on the economic front. Along with big tax increases that left the City shellshocked, Callaghan, then the Chancellor, deserted the traditional red Budget box for a new brown dispatch box, which caused further uproar from the Opposition.

□ The *Daily Herald* declared the 1959 Budget "a man's Budget" because of income tax cuts, 2p off beer and lower purchase tax on cars.

□ The 1955 Budget was announced during a month-long newspaper strike.

□ The first postwar Budget was on Tuesday, April 24, 1945. A few hours after the Chancellor's speech, the lantern above Big

Ben was switched on for the first time in five years, seven months and 23 days.

□ The first Budget speech to be televised was in 1991.

□ The 1973 Budget painted a grey portrait of Britain with the addition of a 10 per cent value-added tax (VAT) which the Chancellor, Anthony Barber, promised "would be a simple tax". Children's clothes, sweets, ice-cream, soft drinks, crisps and salted peanuts were to be exempt from VAT as the Chancellor stated that they were no longer considered luxuries.

□ Notable "boring Budgets" of postwar years: Callaghan's third Budget, in 1967, was described as "a Budget without a theme, or even very much by way of content". When he announced that he had ended his speech, there was a chorus of disbelief, with one Labour MP exclaiming "No!" A former Conservative Chancellor referred to it as "the Budget that never was". MPs from both sides actually questioned whether the Budget debate could be made to last the full three days allowed.

□ Reginald Maudling's 1964 Budget was dubbed by the *Daily Mirror* as "the most unimaginative Budget in years", even though it was an election year. Harold Wilson said it was as if the previous April's giveaway Budget had been designed to be followed by an autumn election — and the Government had forgotten to hold one.

am confident that our unemployment will keep falling.

In this Budget, I propose to keep the three intermediate thresholds for employers' National Insurance contributions where they are now. I propose to increase, by £10 and £1 respectively, the upper and lower earnings thresholds for employers' and employees' NI contributions.

I also want to address a particular concern of our small businesses — the burden of non-domestic rates. The uniform business rate is a fixed cost which can rise each year beyond the control of the manager of a small business.

This project is as ambitious as translating the whole of War and Peace into lucid Swahili

Since the last revaluation of business rates, I have repeatedly slowed down the increase for those businesses whose rates have had to go up. No business property has seen its rates go up by more than 7.5 per cent above inflation in any one year. But I want to do more than this.

I have decided to freeze next year's rates bill for all the small businesses whose rates would have gone up. Small properties whose rates are falling will have those reductions accelerated. This will benefit more than one million small business properties by up to £130 a year.

A freeze is an important step that I can make this year. We have already reduced business rates for rural village shops.

But I realise that the present system of business rates bears particularly hard on the smaller businesses for whom they represent a much bigger proportion of total costs. We must therefore move on as soon as possible to more changes in the system to recognise this and redistribute the burden more sensibly between smaller and larger businesses.

INHERITANCE TAX

This Government is committed to reducing and then abolishing capital gains tax and inheritance tax. But we have always said that we will cut these taxes only when we can afford to do so. This is a responsible Budget which is pro-growth and pro-prosperity by putting the public finances into a healthier state.

We will not be able to make progress on both these taxes this year. But I am pleased to announce that we can take a further significant step towards abolishing inheritance tax.

Inheritance tax is a penalty on thrift, independence and enterprise. It is a growing anachronism. Lloyd George's maxim that "the most convenient time to tax the rich is when they are dead" no longer holds. It is largely paid by people of modest means who cannot or simply do not make careful plans to avoid it.

Last year I made significant progress towards our commitment. In this Budget I will build on that by raising the value of the inheritance tax threshold to £215,000. That means that in two years the Government will have raised the threshold for inheritance tax by 40 per cent.

TAX REWRITE

In last year's Budget I announced a project to rewrite Inland Revenue

tax legislation in plain English. This project is as ambitious as translating the whole of *War and Peace* into lucid Swahili. We have consulted extensively on how the project should be carried out and the Inland Revenue will publish the plans shortly after the Budget.

The aim is to prepare a series of rewrite Bills, the first of them to be ready for enactment in the 1997-98 session. My noble and learned friend Lord Howe of Aberavon has produced a thorough and helpful report on how Parliament may handle these bills. We endorse his broad proposals, and invite the Procedure Committee to consider how the House is going to handle the bills in a sensible fashion. I can announce that Lord Howe has agreed to chair the steering committee which will oversee the rewrite project.

INCOME TAX

This Government has led Britain towards our clear goal of a low tax economy where private enterprise has the incentive to generate jobs, investment and wealth to make people and their families more prosperous. We are moving towards a low tax economy where individual living standards continue to rise and the Government can afford the excellent public services that people want.

Low direct taxes are the most effective way to encourage enterprise and hard work. Under this Government those who do an honest day's work and those who take entrepreneurial risk will keep more of what they earn and save.

This year people have taken more heed of my speeches on the overriding priority of securing future prosperity and jobs and financing key public services. Sensible people already expect my cuts in direct

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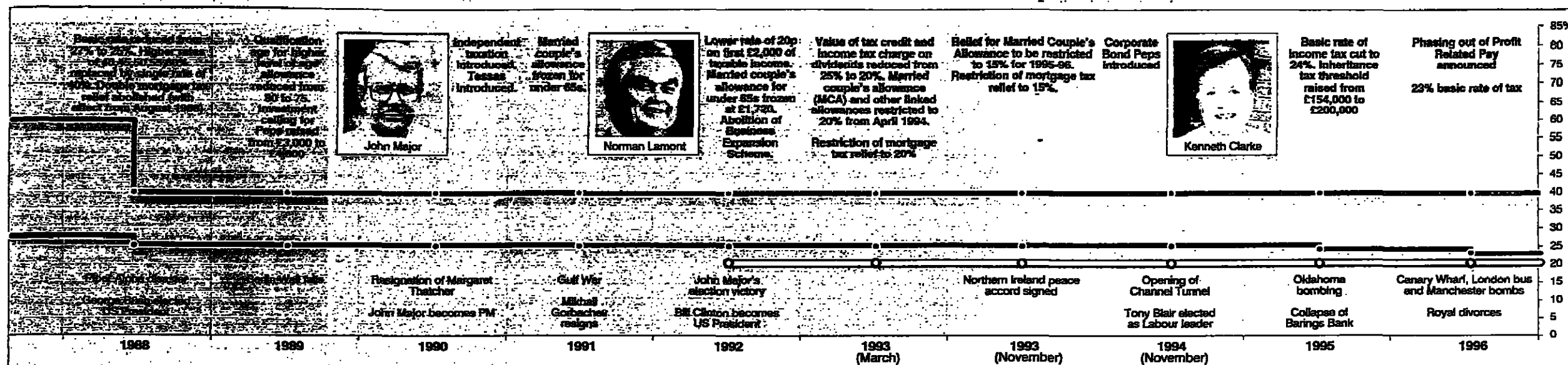
ABSOLUT GENEROSITY.

INSPIRED BY ABSOLUT AND OTHER VODKA, A NEW REVEALED. DRINK RESPONSIBLY.

MICHAEL BENNETT

BUDGET 96

19



'There are no excuses left. There is nothing more for them to do'

We have heard all their tax promises before, says Blair

By ARTHUR LEATHLEY
POLITICAL CORRESPONDENT

TONY BLAIR accused Kenneth Clarke of delivering a "last-gasp Budget" to rescue Tory fortunes with promises of further tax cuts that would fail to deceive the voters.

The Tories had returned to "their old tricks" of offering pre-election tax cuts that voters knew would be reversed after the general election. The Labour leader compared the Budget with tax-cutting measures unveiled months before the last general election but which were followed by a string of tax increases.

Mr Clarke's "last-gasp" had no more credibility than the "untruths" delivered by Norman Lamont, when he was Chancellor, before the 1992 election. "We've heard all their promises before. We heard them at the last election and did not believe them. The difference this time is that the country doesn't believe them either."

Voters would remember that the tax promises made before the last election had been followed by tax rises and that forecasts on the national debt had proved unfounded.

"This is actually the last-gasp Budget of a Government whose time is up, which can't be trusted with the future and can't make amends for the past. They can't be trusted on tax, on the economy, on the health service, on education — they can't be trusted with our future. The truth is, after 17 or 18 years of one Government, there are no excuses left. There is nothing left for them to do except go."

He taunted John Major and Mr Lamont for their pledges that the scope of VAT would not be increased. "If they told those untruths then, why should we believe them now, whatever they may say?"

Even after the cut in taxes

announced by Mr Clarke, the average family would be £2,120 worse off at the next election than they were in 1992. "The Chancellor announced a crackdown on tax cheats. I think he should start with the Conservative Party after 22 Tory tax rises."

He identified a £4 billion rise in council tax over the next three years, increases in airport and insurance taxes and the phasing out of profit-related pay as examples of the Tories' "old con-trick" — "Give with one hand, take with another."

Mr Blair also taunted the Chancellor over his plans to close tax loopholes, insisting Mr Clarke had previously ridiculed similar calls by Labour as "Alice in Wonderland" fantasy. "Now he is resting his spending plans on them."

He also mocked the Government's efforts to reduce the national debt. "This year it was supposed to be £6 billion. It's now £26 billion. This Prime Minister, having won an election on the pledge that he would cut taxes and cut debt, has doubled the national debt."

Mr Blair said that the Government always promised

more for health and education. "But look at the facts of what is happening in the NHS. Waiting lists rising again, 36 trusts in deficit, 20,000 more managers and 50,000 fewer nurses."

Government claims that health spending was increasing by 3 per cent next year masked the fact that in the following two years it would be under the inflation rate: "The actual spending increase is in fact a fall by 0.7 per cent a year."

On education, he said the Government had promised an extra £800 million last year but, because local authorities were already spending £800 million above their limit, the increase was less than the inflation rate.

The Government's planned expansion of nursery education had been cut back with a £56 million reduction in the allocation for the nursery education voucher scheme. "Their problem is not just the trade gap, or the investment gap. It's a credibility gap."

Mr Blair ridiculed Mr Major for predicting privately, the day after winning the last general election, that the Tories would become the most

unpopular Government for a long time. "I will tell you why he was going to be unpopular: because he knew the truth but it wasn't told at the election."

Voters would judge the Government on its 17 years in office, during which Britain had fallen to ninth in the international league for prosperity, 18th for living stan-

dards and 15th for interest rates and inflation. Failure to invest in manufacturing, education and training had led to fundamental weaknesses in the economy, including a reduction in the number of jobs, which had not been addressed by Mr Clarke's speech.

"Without the measures for the long term, to increase investment, boost education, tackle that structural unemployment, we will never have that recovery or prosperity that lasts."

The Government did not mind how unequal or fractured society became. "They thought if they satisfied the short term, the long term would look after itself. But it doesn't work like that."

However, if the Government did not invest now, it would not be able to reap the rewards in the future. "A nation run for the few will never be fit for the many."

Paddy Ashdown, the Liberal Democrat Leader, said the Budget would be remembered as the leaked Budget, but it should be known as the smoke-and-mirrors Budget. "This is a Budget of slick tricks and small measures. It pretends to be responsible, but it isn't. It pretends to give big tax cuts, but it doesn't. It pretends to invest in public services, but it won't. But, though the measures in this Budget may be small, the damage it will do will be big."

He pledged that his party would vote against the income tax cuts.

'Last gasp of a Government which can't be trusted with the future and can't make amends for the past'

dards and 15th for interest rates and inflation. Failure to invest in manufacturing, education and training had led to fundamental weaknesses in the economy, including a reduction in the number of jobs, which had not been addressed by Mr Clarke's speech.

Without the measures for

'My virtuous Budget will bring hard workers rich rewards'

Continued from facing page
taxation to be modest. They know their wellbeing depends on lasting growth and more jobs and that living standards rise from a combination of steadily rising incomes and steadily lowering taxes. Tax cuts matter a lot to low paid people and to men and women in ordinary jobs. I announced my income tax cuts last year as a return to our tax-cutting agenda, and for the second year in succession I am delivering an instalment of that agenda. I want to ensure that tax does not start to be paid at too low a level of income and I want to improve work incentives. I propose first of all to raise the threshold below which no income tax is paid at all.

I am making an increase in the basic personal allowance of £280. That is 3½ times more than necessary to cover the rate of inflation. It will also ensure that every person who pays any income tax will get direct benefit from this Budget.

I am also increasing the married couple's and related allowances by £40, maintaining the extra tax allowance to all married couples. It will now be worth nearly £275 each year for married couples. The tax system does recognise marriage, contrary to popular belief.

We also give a special tax allowance to blind people. This year I am increasing that by the rate of inflation. And I will put indexation of this allowance on to the same stan-

utory basis as for the other income tax allowances. I also propose to raise the threshold above which the 40p higher rate tax begins by £600.

One of this Government's most important pledges is that we will move to a basic rate of income tax of 20p as soon as we can. We are proving that we can move towards the delivery of the promise and still deliver healthy public finances. Every step we take makes it more and more credible. Every step that we take makes it more affordable to reach the ultimate goal which we are getting tantalisingly near to. As a further step towards that, I propose to widen the lower-rate band of 20p tax by £200, twice as much as required by indexation.

This will mean that the slice of income on which a 20p tax rate is paid will have more than doubled during the life-time of this Parliament. More than one in four of all taxpayers will only pay tax at 20p in the pound.

Mr Deputy Speaker, this is the stage of my Budget speech where everyone is asking themselves, are the guesses of the newspapers right? Am I indeed going to cut a penny off the basic rate of income tax? What the newspapers did not know was that my control of public spending and borrowing would have allowed me to take 2p off if I had chosen to. But I preferred instead to raise personal allowances and widen the 20p band for those at the bottom end of the scale.

And, yes, Mr Deputy Speaker, I am indeed also able to reduce the basic rate of income tax by 1p to 23p in the pound. The small companies rate of corporation tax will be reduced to 23 per cent in line with this, helping 400,000 companies. The main rate of corporation tax of 33p is already lower than in any other major industrialised country.

Seventeen years of steady progress, so far, means that the basic rate of income tax is now a full 10p lower than the rate we inherited in 1979. It is at its lowest rate for 60 years.

Another penny off the basic rate is a significant further step towards this Government's target of a 20p basic rate of tax. For more than seven million people our promise of a 20p basic rate is already a reality. I am bringing other income taxpayers ever closer to that reality: 20p is a realistic and attainable goal for the next Parliament.

LIVING STANDARDS

With increases in real earnings and the tax changes in this Budget, a family on average earnings will be another £370 better off next year over and above inflation. The same family will have more than £1,100 more to spend each year after tax and inflation than they did before the last election. In 1992, the background was one of a worldwide slowdown and a recovery in the UK that had barely started.

Now we are enjoying strong growth and rising living standards, and we are going to enjoy more of the same.

CONCLUSION

In November 1993 I promised that I would put Britain firmly on course for a sustained period of rising prosperity and falling unemployment, based on low inflation and healthy public finances. I have delivered on those promises.

The Government believes in allowing people to keep as much as possible of their own income so that they can make their own decisions.

This Budget cuts public spending next year by £2 billion and it generates an extra £500,000 in revenue through "spend to save". It contains a balanced tax package; it includes tax cuts of £2 billion while it secures the tax base by £1 billion. The effect of the Budget is to tighten fiscal policy and so protect lasting recovery.

I realise virtue doesn't always bring its own rewards. But this virtuous Budget will bring rich rewards — the rewards of economic success to hardworking people of this country. Never forget, good economics is good politics.

This is not a Budget just for the next few months; it is a Budget for many prosperous years to come. It is a Budget that this Government will build upon again in 12 months. I commend this Budget to the House.

Cardiff Bay

Cardiff's waterfront transformation into an energised and vibrant community is almost complete. The vision to change from dereliction and decay into a capital city where people enjoy a superior living and working environment is steadily becoming fact. Already Cardiff Bay is home to a wealth of talent and investment in production and multi-media, and related IT sectors. As more people discover the secret of Cardiff Bay, so the skills base expands. Cardiff Bay boasts superb telecommunications infrastructure: ISDN, local, broadband cable and now its own satellite uplink, soon to be based on a dedicated multi-media business park. It will deliver broadcast standard video and voice transmission, plus data transfer, to North America and Europe. The time has never been better to link your business to the Cardiff Bay transformation.

Not just virtual...
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BUDGET 96

Fabulous, unbelievable: how it would hit home in TV land



■ Edina and Patsy are thrilled that tax on wine is unchanged and that vodka is going to be 26p a bottle cheaper — "but 15p on cigarettes, dahling! Honestly, dahling. Okay, okay, okay, Saffie, I know it's an incentive to give up, but to me it's just an incentive to keep sucking right down to the filter. As for the extra air passenger duty, dahling, Patsy and I will just have to drink three times as much free Bolly on the plane to Milan to make up the cost." Saffie tells her that the average family will be £370 better off, "but we're not an average family, are we dahling? And you can wipe that smile off your face, Saffie. Just because the inheritance tax threshold has gone up to £215,000 doesn't mean you'll be getting any more of my dosh." No, agrees Patsy, "not if we stick it up our noses first, Edie. Have we toasted Ken yet, dahling?"



■ Gary and Tony are already celebrating the Chancellor's decision to leave lager alone — "Unlike us, eh Gary?" — but regret having got in a few six-packs in anticipation of a tax rise: 340 six-packs, to be exact, which is going to make moving around Gary's flat tricky for a few days. Gary has sent the girls to buy Rizla papers and hand-rolling tobacco, which has escaped the 15p-a-pack levy slapped on cigarettes, but Tony doesn't think it's romantic to roll his own after sex. Gary reminds Tony not to worry, because Tony rarely has sex anyway. Gary can stomach the extra £5 for car tax and 3p a litre on petrol as he will be paying less tax. But Tony fears that the extra £450 million for law and order boosts their chances of being arrested for disorderly behaviour. Tony says he can't quite visualise £450 million. "Think of it," says Gary, "as 568 million cans of Heineken."



■ Detective Sergeant Lewis: "Good Budget, don't you think, Sir, what with 2,000 more constables on the street next year. By the way, do you mind if I call you Endeavour?" Inspector Morse: "I mind greatly, Lewis, you're not supposed to know that. And since when has beeping up the uniforms helped to solve a murder? They all get soaked up in community policing, traffic, that sort of thing." Lewis: "But surely, Sir, putting more customs officers on to VAT fraud, alcohol and tobacco smuggling will make an inspector's lot a happier one." Morse: "You surprise me sometimes, Lewis. Idiots who stash a Transit van full of cheap French plonk and bring it back to Dover are no concern of mine. I've got far bigger worries on my mind. Like my Jaguar. Car tax up to £145. 3p a litre on petrol? Perhaps I should get the old girl converted to gas."



■ Tricia Armstrong, the lowest-paid machinist at Baldwin's Sportswear in Weatherfield, is hoping that the Chancellor's move to raise the starting tax threshold will swell her spending money. With her husband in prison and a second child on the way, Tricia is already on the breadline. Since she doesn't smoke, the extra 15p on cigarettes makes her feel richer without actually affecting her purse. And since she gave up drinking when she became pregnant, she won't even benefit from the 26p being knocked off gin and whisky. For the sake of her 13-year-old son, Jamie, she is grateful that another £830 million is going on schools, and it will make her life with the new baby much easier if the £1.6 billion on health spending eases the queues at the local hospital. The doubling of air passenger duties is academic for Tricia. She struggles to afford the bus fare.



■ Rab C. Nesbitt: "I tell you this, boy, Kenny Clarke disnae live in Govan. See income tax? What's that? See business investment expected to grow by 10 per cent? No! In this wee corner of Glasgow, pal, income and investment is no' words that is often tossed around in conversations over the Tenants' lager at soirees up our stair. What's mair, I take it as an affront tae human dignity when yer man says he's gonna spend £100 million helpin' the long-term unemployed back tae work. Does he no understand oor culture? An' no content wi' that, he's pittin' 2,000 mair rozzers on the street, and plannin' tae tighten up on tax and benefit fraud. This English Tory toerag is threatenin' tae destroy a way o' life. See you, Clarkey, disnae think you can buy us aff by knockin' in 26p aff a bottle o' Bells. Ye never knocked a penny aff a pint o' lager, ya swine. See me ah'm votin' for Sean Connery."



■ Victor Meldrew: "God dammit, Margaret, I don't believe it. That ruddy man says that if I'm to get this new benefit for people who have been unemployed for more than two years, I will have to attend compulsory interviews at the Jobcentre. It's outrageous. And all his talk about spending an extra £450 million on law and order — I'll tell you, Margaret, I bet not one penny gets spent down this street. What do you mean, 'We could always go away on a little holiday'? Good God, woman, are you so stupid? He's just doubled the airport tax. And you know what happened when we went on holiday once before: the ruddy house burnt down. Now I have to pay an extra 1.5 per cent insurance premium tax in case it happens again. It's all very well him taking a penny off income tax; doesn't the blasted man realise I haven't got an income? I just don't believe it."

Plain English taxes the brain

By JON ASHWORTH

TAX CODE

ONLY Kenneth Clarke could say it with a straight face. A year ago, he triumphantly unveiled plans to rewrite the tax code in plain English, stamping out gobbledegook, and saving untold millions in professional fees. Yesterday, he admitted the truth: the project was about as easy as translating the whole of *War and Peace* into lucid Swahili.

Last November, the Chancellor dismissed the subject in a couple of sentences, noting that tax law had become too long and complicated. There was no stopping him this time. The project was vastly ambi-

tious, he mused. There were 6,000 pages of Inland Revenue law to rewrite, compared with only 1,500 pages of *War and Peace*. As he so incisively noted: "We did not have a Tolstoy to write our taxation laws in the first place."

The hunt for surrogate Tolstoy is well under way. Somerset House has begun advertising for lawyers and accountants with a grasp of English, hoping to entice them from the private sector on two-year contracts at £40,000 a year. The idea is to assemble a 40-strong team under Neil

Monro, a senior tax official, who will report directly to the Inland Revenue board.

Advisers have concluded that the "rewrite project" is feasible, and have laid out a five-year timetable. A steering committee has been formed under the Chancellor's "noble and learned friend", Lord Howe, whose speech-making delivery was once famously likened to "being savaged by a dead sheep".

More details will follow shortly. Mr Clarke said the aim was to prepare a series of rewrite Bills, the first of which would be ready for enactment in 1997-98. Lord Howe, he added, had produced a "thor-

ough and helpful" report on how Parliament might handle these Bills.

The Chancellor said that the project would bring the benefits of "clarity and certainty" to businesses and ordinary taxpayers — a view endorsed by leading accountants. Ian Barlow, head of tax at KPMG, said it was important to produce a couple of quick pieces of the "new look" legislation — one for the man in the street, the other for the experts. It was regrettable that no attempt would be made to reform the way that the rules are written, but he accepted this was politically unrealistic in the run-up to an election.

£3m rise won't take crisis out of drama

THE ARTS

By DALYA ALBERGE, ARTS CORRESPONDENT

ARTS organisations predicted more closures last night, saying that a Budget increase was too "small to tackle the effects of a long squeeze."

The Department of National Heritage received £924 million for its 1997-98 programme. This means that the Heritage Secretary, Virginia Bottomley, will give £3 million "over plan" to the Arts Council of England and to museums and galleries. However, critics said that the increases were so miserly, they represented a cut in real terms.

Nicola Thorold, director of the Independent Theatre Council, said: "The Arts Council's grant for 1997-98 is £25 million less than it was at the last election in real terms. Cuts since 1992-93 have been devastating to smaller arts companies. Over 100 have closed since the election."

Lord Gower, chairman of the Arts Council of England, said: "Standstill funding does mean that a number of important arts bodies of all kinds remain at risk. We have been warned by some that they might cease trading." Jennifer



The National Gallery will consider "substantial savings" but not entry charges

Edwards, director of the National Campaign for the Arts, said: "This is will be death by a thousand trimmings. For most clients, this will be a fifth year at a standstill grant, which isn't sustainable any more. It will mean closure and real misery for some."

Sir Hugh Leggatt, a leading heritage campaigner, said: "Three million is minute. This undermines the Government's paucity of understanding the importance of these institutions in education, both for children and adults. It is in truth the highest form of education."

The British Museum and National Gallery are among

those facing reductions. A National Gallery spokeswoman said that by 1999-2000, they will be facing a 12 per cent cut. "These are severely disappointing allocations."

The gallery has improved its services to the public, and it will now examine its plans very carefully in order to find substantial savings, especially in the medium term. It is too early to say what the outcome will be in detail. The gallery is not considering imposing admission charges."

Sir Geoffrey Cass, chairman of the Royal Shakespeare Company, said: "If the freeze is passed on yet again to the RSC, its very substan-

tial accumulated reduction in real income will give an already efficient organisation serious problems maintaining its access and coverage. The continuing freeze will certainly give the Arts Council major problems across its whole range of clients."

The Government has allocated £45.9 million for the sports councils, a figure which had been projected a year ago. The new UK Sports Council will receive £11.3 million, the English Sports Council £33.7 million, with £400,000 for children's play going to the National Playing Fields Association.

Clarke fares better than single shadow



Kenneth Clarke will light up a cigar, reach for his pint, and raise his glass to what will become known as the Drinker's Budget. A longstanding beer drinker and lover of smoke-filled jazz bars, the 56-year-old Chancellor has done his bit to ensure the beer will be flowing in pubs across the nation.

The freeze on duty on beer and wine will help the Chancellor's pocket even if the 7p increase on a small packet of cigars lessens his love of Cuban Montecristo No 5s. The rise will add about £6 to a box



Gordon Brown now has every incentive to get married. Still single at 45, and taken to task for it by Sue Lawley on *Desert Island Discs*, the Shadow Chancellor would be £16 better off as a married man.

Mr Brown earns an MP's basic salary of £34,805 (he refused the recent increase), leaving him £436 better off after the Budget. As a married man, he would be £452 the richer, still some way behind his Tory counterpart. He writes a column for the *Daily Record* in Scotland, but do-

O timeless jewel
You have shown me
That the passing of years
Is no barrier to beauty.
And when I am with you
My vigour knows no bounds.
Nor the curiosity of my desire.

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MICHAEL BENNETT

Missing refugees start to emerge from Zaire forests

TENS of thousands of Hutu refugees who had been missing for weeks in the jungles of Zaire poured into camps yesterday in Minova, a small lakeside town on the west of Lake Kivu under the control of the Mai Mai Zairean rebels.

The refugees, already numbering well over 50,000, said that most of the others who fled the fighting in Zaire's interior last month were heading for Minova while Hutu extremists and their families were marching to Kibanga, a village in the east of the country.

Exhausted after trekking from Bukavu, 100 miles to the south, into the forests and back to the lake, the refugees said many had died on the way.

The Mai Mai, who are in alliance with east Zaire's Rwanda-backed rebels, were trying yesterday to arrange to move the refugees back to Rwanda, either by road or across the lake. In the meantime, the Hutu civilians who fled retribution for the genocide of a million Tutsi and Hutu moderates in Rwanda in 1994 have nothing to eat or drink.

"We have used the last of our supplies and have nothing left to eat. The water here is also dangerous to drink because it has not been treated. We desperately need the help of the UNHCR (United Nations High Commissioner for Refugees)," said Innocent Habiambere, 40, who fled Bukavu with 11 members of his family, five of whom have disappeared.

The UNHCR has been desperate to find the refugees since they fled the camps in the south and has used satellite images of east Zaire and British aerial surveillance aircraft in its search. A short drive from Goma, 35 miles away, is now all that is needed to begin solving the biggest mystery of the refugee crisis.

A steady stream of refugees descended into Minova along the road south to Bukavu.



Sam Kiley reports from Minova on the thousands of Rwandan Hutus who are desperate to return home

Most had come from the surrounding mountains and forests where they had fled first the fighting and then their own extremist leaders. The leaders had insisted that the people should walk to Walekale as part of a human shield to protect the Hutu militia from attacks by east Zaire's rebels.

"We have been living off berries and forest food. But now we are just too tired to go on. Please, all we need is lorries to take us home. We want to go home so badly, so badly," Mr Habiambere said.

Some refugees were taken back to Goma on an ancient ferry yesterday, but hopes of a swift return were dashed when the boat broke down.

Alphonse Singirankwabo, 38, arrived in Minova last Sunday. He had walked for two weeks with his wife and son, aged six. "There are many others coming," he said. "They

St Denis, Réunion: An Italian woman who survived the Ethiopian Airlines crash off the Comoros Islands is refusing to undergo a life-saving operation because she is a Jehovah's Witness. The authorities here said yesterday (Luigi Gilmore writes). Her identity has not been disclosed. Another two of the six Britons feared dead were named yesterday. They were Alistair Russell and Kandi Shah. Officials at the Foreign Office in London could not say whether Shah was a man or a woman. The other Britons listed as missing are Andy Meakins, 43, Tony Clatters, 46, and Brian Tetley, 61.

are coming out of the forests and heading for Rwanda. The rebels have been helping us to get back together and soon there will be hundreds of thousands of people in Minova." He added: "We have not been mistreated by the rebels who only want to attack the interahamwe (the Hutu militia)."

Yesterday Canada continued to press for a military intervention in eastern Zaire, partly perhaps to search for the missing refugees. Now that the mystery of the missing refugees, estimated to be anywhere from 300,000 to 600,000, is solving itself, however, a foreign military mission to the region looks increasingly unlikely.

The Hutu refugees bedded down for the night under blue plastic sheeting they had taken from their former camps, cooked the last of their food, and attended to their young and their sick.

Emmanuel, 36, gave birth to a boy while walking to Minova on Monday. The child lay on a plastic sheet wrapped in an adult's jacket. "I want to get him home soon so that he can begin life not as a refugee but as a Rwandan living in his own country," his mother said.



A policeman displays vases and cups from the Etruscan tomb hoard yesterday

Etruscan tombs discovered

Rome: New light has been shed on one of Europe's most mysterious lost peoples, the Etruscans, after the discovery of nine perfectly preserved Etruscan tombs at Cerveteri, on the Lazio coast north of here (Richard Owen writes).

Maria Antonietta Rizzo, archaeological superintendent of Italy's Etruscan ruins, said that the finds included an "incredible hoard" of bronze and gold cups, necklaces, plates, vases, perfume jars and jewellery.

The layout and furnishing of Etruscan tombs, along "streets of the dead", mirrors that of long-vanished Etruscan houses. The tombs thus provide an insight into the lifestyle of a people who appear to have enjoyed a high level of civilisation but left no literature to record their culture. They were defeated in the fourth century BC by the Romans, who successfully set about obliterating nearly all traces of the vanquished race.

Italians urged to rediscover their Latin roots

FROM RICHARD OWEN IN ROME

A CAMPAIGN has been launched for Latin to be reintroduced as a compulsory subject in Italian schools after an absence of more than 30 years. Latin is still taught in private Roman Catholic schools. However, it has not been taught since 1963 in the state-run scuola media, which all Italians attend between the ages of 11 and 14. Latin is an integral part of the curriculum in some high schools attended by pupils between 14 and 19, but this accounts for only a third of the 14-19 age group

and many Italians leave school at 14 with only a scuola media education. The campaign is led by Giancarlo Rossi, a Milan architect, who argues that Latin was dropped because many left-wing teachers in the 1960s mistakenly saw it as a "symbol of the ruling class". Signor Rossi said Latin also suffered from its association with the Fascist era, when Latin was compulsory in all schools, partly because of Mussolini's attempt to use the Roman imperial past to promote his own ideology. The moral blow was when the Catholic Church abandoned Latin in the liturgy. "Eduardo Sanguinetti, a

poet, said, Signor Rossi, editor of *Latinitas*, a Latin-language magazine, first issued his appeal in *Micro Mega*, a small but influential left-wing magazine. It was taken up by *Corriere della Sera*. "Latin formed our civilisation and society," Signor Rossi said. "Its importance and relevance today cannot be exaggerated. He wants the 'European anthem' — Beethoven's *Ode to Joy* — to be sung in Latin.

The campaign is backed by leading authorities on classical history such as Professor Elio Lo Cascio of Naples University and Professor Gaetano Bonetta of Chieti University. They say

an "obsession with modernism" under the left-wing Government of Romano Prodi has led to a "deplorable downgrading" of the classics in the Italian curriculum. Ironically, Italians are familiar with the language since at least 60 per cent of Italian words are derived from it. Cesare Segre, a writer and critic, said: "Whereas in the medieval world you could go to any part of Europe and be understood in Latin, now English is the universal language, and we have to accept that."

Leading article, page 25

Netanyahu defies protests to visit Jewish settlement

FROM CHRISTOPHER WALKER IN JERUSALEM

TENSIONS between Israel and the Palestinian Authority rose yesterday as Benjamin Netanyahu made his first visit to a Jewish settlement since becoming Prime Minister and pledged to continue expanding the outpost built on land conquered in 1967.

His high-profile visit to the West Bank town of Ariel, home to 13,000 Jews, came less than 24 hours after Yasser Arafat, the Palestinian Authority leader, sent him a letter warning that new construction would bury "the hoped-for expectations of peace".

As well as displaying contempt for the Palestinian objections to the total of 145,000 Jews in the West Bank, Gaza Strip and Golan Heights, Mr Netanyahu's trip flew in the face of American criticism of its settlement plans. On Monday, a State Department spokesman in Washington said they were "not helpful" to the alling peace process.

"Do you really expect that a Government was elected that said it intended to maintain the communities in Judea and Samaria and that the Prime Minister would not visit these communities?" Mr Netanyahu asked reporters.

The visit came as Israel reinforced its force of tanks and armoured personnel carriers in the Gaza Strip after an incident on Sunday when Palestinian protesters blocked the road leading to a settlement. Mr Netanyahu said that any similar acts would be met with a tough response.

Yesterday's trip and the reaction to it from Mr Arafat were seen as evidence of a new crisis facing the peace process. "Netanyahu has to go back and read agreements concerning the settlements," Mr Arafat said. "It was agreed, no new single settlement would

be added, no expansion of existing settlements."

In response, Mr Netanyahu vowed that settlements would continue to grow. From a hill top overlooking a cluster of new Jewish homes, inhabited since his Government ended the four-year freeze on settlements imposed under Labour, he declared: "I think the Palestinians and some Israelis better get used to the idea that we are going to live together."

Surveying the surrounding territory, which the Palestinians hope will one day be part of their state, he said: "Look at this land. It is empty — it has been empty for thousands of years. We have a life here."

The Prime Minister, whose May election triumph over Labour's Shimon Peres was achieved by almost 100 per cent support among the right-wing settlers, used his tour of Ariel to underline his refusal to uproot a single settlement as part of any future peace deal with the Arabs.

Senior Israeli officials accused Mr Arafat of deliberately inflaming the public mood. They said he was trying to provoke more violence such as the incidents in September that left 75 people dead and 1,500 injured.

"Arafat is playing with fire. Apparently he only understands the use of force," one senior Israeli official said. In south Lebanon yesterday, Hezbollah guerrillas killed a suspected security agent for an Israeli-allied militia, Lebanese security officials.

London: Syria scorned suggestions yesterday that Damascus could resume peace talks with Israel soon (Michael Binyon writes). Farouq al-Sharraf, the Foreign Minister, said after talks here with Malcolm Rifkind, the Foreign Secretary, that the Netanyahu Government was not willing to continue the talks along the lines that had already been agreed. "It would be a waste of time if we throw all that we have agreed into the sea," he said.

Jubilant Iraqis hail UN oil deal

FROM MICHAEL THEODOULOU IN NICOSIA

JUBILANT Iraqis danced in the streets yesterday after the Government agreed to United Nations terms to sell a limited amount of oil for buy much-needed food and humanitarian supplies.

As the Iraqi dollar soared against the dollar, officials predicted that Iraqi oil would begin flowing next month for the first time since Iraq invaded Kuwait six years ago. "The flow of oil means the flow of life back to Iraq," trumpeted the government-run *al-Jumhuriya* newspaper.

The deal, signed last May, allows Iraq to sell \$2 billion (£125 billion) oil over six months to buy food and medicine. It was delayed by Iraq's military intervention in the Kurdish "safe area" in August, and by Baghdad's attempts to restrict the UN monitors ensuring supplies are evenly shared among Iraq's 18 million people. UN estimates in October that 4,500 children under five were dying each month from hunger and disease.

President Saddam Hussein had shown little enthusiasm because the deal involves an intrusive UN monitoring system. He had also feared it may delay the lifting of the overall embargo by enabling Washington to say that the UN had addressed Iraq's humanitarian needs. The breakthrough could help him, however, by releasing money he has spent on the state rationing system to buy patronage and fund illegal weapons programmes. Western diplomats said.



An Iraqi in Baghdad absorbs the oil news

OJ denials leave experts aghast

FROM GILES WHITTELL IN LOS ANGELES

OJ. SIMPSON yesterday returned to his civil trial for causing wrongful death after leaving experts aghast with a series of bold but scarcely credible denials the previous day. One leading lawyer said: "He's drowning himself."

Mr Simpson denied ever owning an incriminating pair of Italian shoes despite being shown a photograph of himself wearing them. The picture, he said, was a fake. The shoes were identified as identical to a pair that left bloody footprints beside the murdered bodies of Nicole Brown Simpson, his former wife, and Ronald Goldman, Mr Simpson's alleged victims.

Earlier he insisted that he had never taken a lie-detector test after the June 1994 murders, even though his lawyers have admitted that he had.

Daniel Petrocchi, lawyer for the Goldman family, said: "You failed the polygraph." "No," Mr Simpson replied. "You got a minus 22," the lawyer continued. "Minus 22 is a score indicating extreme deception."

Mr Simpson claimed the test had merely been a demonstration. He later said he had no idea how his blood and that of both victims had turned up the day after the killings in his Ford Bronco and in his house and its grounds.

But anyone who hoped that Mr Simpson would crack under Mr Petrocchi's hostile barrage was disappointed by a performance of astonishing composure. Mr Simpson never lost his cool or hesitated for a moment. Whether his denials will save him from defeat is another matter.

Playwright's teacher claims 'Rent' arrears

FROM QUENTIN LETTS IN NEW YORK

A SQUABBLE over copyright threatens to ruin Broadway's latest hit show.

The musical *Rent* was written by a struggling young playwright, Jonathan Larson, who died of a heart complaint on the eve of its success. Now Lynn Thomson, Mr Larson's former drama professor, has claimed that she collaborated with the author and deserves some of the credit for the show's success — plus \$40 million (£26 million) in royalties. *Rent* is a modern American

reworking of *La Bohème* with a rebellious undertone that pleased Manhattan's armchair socialists. It has been hailed as a new genre of Broadway musical, a change from the mainly British, glitzy epics of the past two decades. The show has taken about \$250 million at the box office since it opened in February. When touring deals, recording contracts and future seat sales are taken into account, it could be worth \$1 billion. Mr Larson's father, who administers his son's estate, vowed to fight Ms Thomson's demand for a \$40-million share of the royalties.

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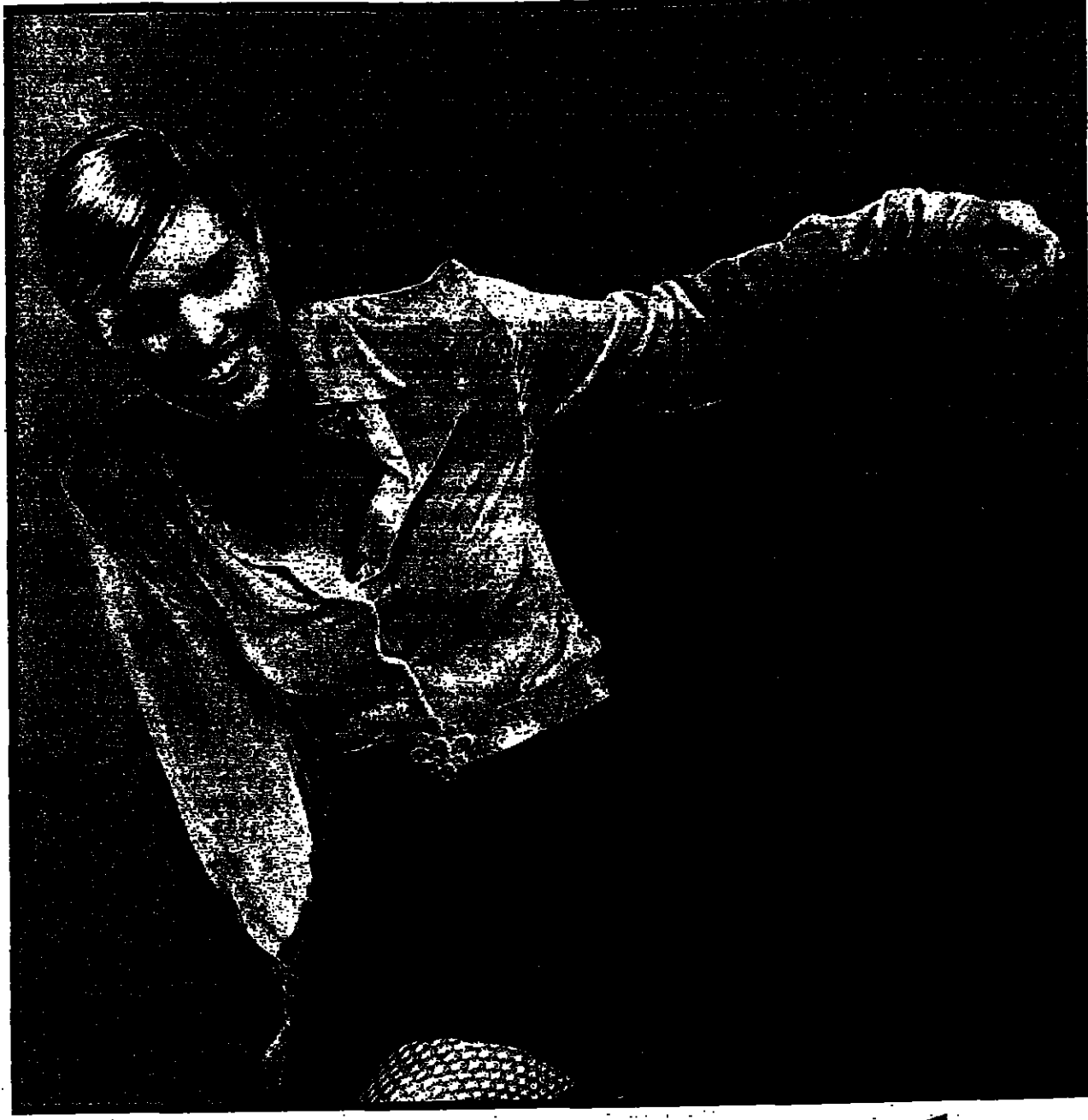
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Minimalism is the golden rule



Grace Bradley

From chain mail tops to stylish belts — putting on the glitz has never been so easy since designers joined the season's gold rush.

Head-to-toe gold was one of the more daring style statements of the 1980s. Krystle Carrington, of *Dynasty*, was its most famous exponent. Her scoop-neck, gold lamé evening dress, with its buttress shoulder pads, inspired a thousand drag queens.

It also filled department stores with extraordinary metallic creations. Bought in haste, they were then repented at leisure by women who snapped them up, hoping to recreate the glitzy high life of the series at their local dinner-dance.

So debased was the style currency of gold by these excesses that designers have steered clear of it for some years. Even in America, where the gold rush is part of the national myth, the sight of Trump Tower, looming above Manhattan in all its gold vulgarity, prolonged the reign of beige.

But this autumn, the fashion world forgot its inhibitions and returned to the precious metal for inspiration. Michael Kors, an influential American designer, created gold chain mail tops. Ralph Lauren gave another transatlantic interpretation with gold-lace dresses in his Polo line, while at Gucci Tom Ford, another statesider, produced Halston-inspired gold sandals with ankle straps, block heels and platform soles.

There is no need to go for the full Shirley Eaton effect, however. (For those who don't know their Bond films, she was the girl whom Auric Goldfinger annihilated with a top-toe paint job.) Instead, gold accessories can be used to lift colours such as brown and to tone with the season's blonde shades.

There are plenty of catwalk precedents. Istante, one of the Versace lines, combined a heavy gold belt with the military look. So, too, did Chanel, and its heavy jewelled belt, worn by Stella Tennant in numerous adverts, has been one of the most photographed accessories of the season.

Fortunately there is no need to spend several hundred pounds to achieve the look — the Otto Glanz belt pictured here (top right), with its jewel-encrusted buckle, is clearly inspired by the Chanel and costs a relatively modest £59.

ABOVE LEFT: Mole skin trousers, £115, by Morgan. Gold strap top, £40, by Warehouse. Gold platforms, £54.99 by Ravel.

ABOVE RIGHT: A-line skirt, £99, by D&G at Harvey Nichols. Silk velvet shirt, £74, by Jigsaw. Gold belt, £59, by Otto Glanz at Fenwick's.

FAR LEFT: Skirt, £23.99, by La Redoute Catalogue. Shirt, £165, by Plein Sud, available at Harrods. Belt, £19.95 by Otto Glanz at Fenwick's.

LEFT: Gold Lurex dress, £85, by No Such Soul, Hype DF, Kensington High Street.

Photographer: STEVE POOLE. Hair and Make-up: Nicky Tavilla at Tarris Tanaka using Shuerra. Model: Sarah Holland.

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*WHILE STOCKS LAST.

Most of the major names in costume jewellery have brought out simple, curving gold torques and earrings that are chunky but minimalist. Even so, since jewellery has been out of fashion for a couple of years, it's best to avoid overdoing things. Golden shades of clothing, a gold belt and a gold bracelet would be too much. Without careful editing the effect can be more nouveau riche than ancien regime.

This season, gold is all about classicism — a look that is not so much antique as inspired by antiquity. Burnished golds, bronzed "old golds" and yellowy glitz are all part of the spectrum — and are more tasteful than the full-on medallion shades that fall in the middle.

Look around and it's possible to find plenty of clothes that give a nod to gold without being too glaringly obvious.

And finally, don't buy too much. The gold standard may have been long-lived but fashion is famously more fickle.

MUST HAVE



Seventies sunglasses. This pair is the very height of kitsch glamour and costs £109 from Cutler and Gross, 18 Knightsbridge Green, London SW1 (0171-581 2250).

Mustn't have. Jumpsuits, boiler-suits, all-in-ones — whatever you call them, it's the same unflattering style. So what do designers do? They bring them back...

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When what you wear says who you are



Nigella Lawson

Once we were afraid to discuss our clothes. Not any more

It's happened to royalty, it's happened to astrology, now it's happening to clothes: once all these subjects were considered the conversational preserve of the intellectually challenged, the less than socially respectable; these days they are considered acceptable dinner-party chat in the politest of society.

Well, times change, that fact alone is a constant. Once it was considered most dreadfully coarse to comment on what one was eating; now, as they say, food is the new rock'n'roll and everyone has their own riff. No meal is considered complete without full culinary analysis: as a friend back from a nine-year spell in LA commented to me at a recent dinner party in London, everyone's a food critic now. But clothes? That's an older one, because what has kept people publicly silent on the subject so far has been not the fear of sounding coarse but the fear of sounding self-absorbed. No one wants to be seen to expend any energy, any attention on their appearance. But evidently they do, and these days they're not afraid to show it. Shallowness is the new chic. And in the television age, image is everyone's concern.

At a recent dinner party people were most exercised, not by talk of what the Chancellor might or might not do yesterday, but of what this month's *Vogue* had pronounced an appropriate wear for the forthcoming party season. It's not so much that this was being discussed that interested me, but that everyone had a view. The *London Evening Standard* concluded yesterday that the Dress-Code Crisis was all but intractable. It was joking. But for an increasing number of people, this is a very serious matter.

It strikes me now that it is rather old-fashioned and earnest of me to look so askance at the whole subject. The clothes a person wears are, I suppose, just as telling as the books he or she chooses to read.

In the old days, even in the



Whooping it up at the London Love Ball in The Fringe, Brixton. As the party season begins, appearance is all

1960s, however much we read about the glorious blossoming of individuality in that decade, there was only one way to look. If, staying in the 1960s for a minute, you look at pictures of the Queen, even of the Queen Mother, at that time, you will see that they were wearing short skirts. That was the fashion, and fashion dictated everything.

We might think this to have been constraining, but actually there is something liberating about such dictatorial dress codes: in conforming to fashion we are not expressing ourselves, merely reflecting trends.

Now, of course, when men and women can wear pretty much what they want, every item of clothing can be scrutinised (and probably is) for what it says about the wearer. No wonder it makes otherwise respectable people

panic. Men are newcomers here. Women have always, whether voluntarily or reluctantly, been required to look as if they've bothered, but men have traditionally wanted to look as if they've somehow acquired their clothes by accident and hardly noticed what they wore.

But now there's no stopping them (the proliferation of men's fashion titles, the whole burgeoning genre of the men's glossy, for God's sake, says something) and there isn't a red-blooded, pin-striped male who doesn't have a sartorial take on life which he is happy to share with the rest of us. If I say "nice tie" to a man I might be sitting next to at dinner, he no longer thanks me but moves on. He thanks me, agrees, tells me where he got it and then moves on - to his suit.

I rather like the coming out of the male dandy. After all, one of the things women have always known about men is that they do worry about what they look like, and they do spend rather longer getting dressed than we do. I can get washed, brushed, made-up and clothed in about 15 minutes. I have never met a man so rigorous about his toilette. Or certainly not a man under 45. I own there is a generational cut-off point.

Perhaps I am unduly biased here, married as I am to a man whose wardrobe is about three times as extensive as mine and

whose annual spending on clothes is even more than that. It occurs to me that, for the last four parties we have been to, he has worn a different outfit each time and I have worn the same thing.

I am not pretending a lofty superiority about any of this. I do not claim to be above worrying about what I look like, but I deal with the matter in a rather different way. In common with a great number of women, I have my uniform (short skirt, high boots, long top - since you ask). Women have to find a uniform and stick to it, because we can never be sure that the prevailing fashion will suit us.

Men know that, give or take, they will be required to wear trousers, shirt and jacket of some description, but the physique they are to cover is not expected to change with the seasons. Women's clothes are more cruelly demanding: and so we have to find a way of confronting this. It's also a way of not worrying about what to wear. And the fear, once routinely expressed, that it would be social death to be seen in the same dress twice is now redundant. Because actually, people don't notice one of the great benefits of the new narcissism.

Now that appearance is on the agenda, we are so taken up with our own that we are obligingly insouciant about other people's. No dress code, maybe, but certainly no crisis.

Alan Coren on why he can never buy a thing

Since I know my readership to be as caring as it is observant, I feel sure you were deeply concerned as to why, in all the charming snaps of yesterday's Harrods book-signing session, there was not one single shot of the Duchess of York's radiant, and celebrated, feet. Well, I have taken up the matter on your behalf and it appears that, on the best medical advice, her ankles were shackled to the table-leg. For had she got loose in the giant store for even a couple of minutes, the sole object of the exercise would have been defeated utterly: instead of signing her way out of debt, the poor soul would have signed herself far deeper into it. Any royalties (if she will pardon the expression) that her autographing managed to accumulate would have been derisory when set against what that same nib could have got up to on a stack of credit-card slips, as bracket clocks, train sets, three-piece suits, onyx chessmen, top hats, boiled lobsters, slide trombones, electric whirlpools, dinner jackets, gazebo kits, cricket stumps, mantel mirrors, pedal bins, mountain bikes, fancy mice and all the rest piled up at customer collection points.

Because, as she has so poignantly revealed, the Duchess suffers from what she has identified as a serious disease. An epidemiologist of considerable, albeit amateur, standing, she has concluded, after years of research, that it's a bit like bulimia, but with more designer labels. Its symptoms are unmistakable. If you catch it, you cannot stop shopping. You buy anything. You buy everything. You go broke.

And even as my heart goes out to her today, my gratitude goes, too. For in bringing into the open a disease which hitherto had dared not speak its name but which now enters the medical canon as High Shopping Pressure, she has enabled me, at last, to see that what I had always believed to be some kind of character deficiency in myself was in fact the symptom of a major illness which is clearly the obverse of her own. Unable to shop, incapable of buying anything, I now realise that

Shop till you drop, or else just don't start



what I suffer from is Low Shopping Pressure.

Here I am in Harrods. I have come to buy ties. I have ties at home, bought by other people, but they have grown variously wrinkled, frayed or eggy, and I have been urged to buy new ones. I stand in front of a hundred assorted spots and stripes for half an hour. I pull some out. I knot some on my finger. I take some to the mirror. Then I put them all back, and think: what I really need is socks. I look at a lot of socks. They do not seem very different from the socks I have at home.

After I have picked up a hundred shirts and put them down again, I try on trousers. I keep coming out of the changing room and staring at legs I do not know. As I pull my own trousers back

on for the last time, my wallet falls out. I notice how battered it is. I spend half an hour in the wallet department. I know it has been half an hour because I look at my watch. It is not much of a watch. It is less much than my wallet is.

Luckily, the watch department is near by. It is full of great watches. After a while, however, they do not seem to tell the time any better than mine. Perhaps all mine needs is a new strap. I examine a lot of straps, until it occurs to me that a new strap might make my old watch look even older. Unlike a gold Dunhill cigarette lighter - provided, of course, that I held it in the hand my old watch wasn't on the wrist of.

I have always fancied a gold Dunhill cigarette lighter. I now look at so many of them that I lose track of why I always fancied one. But having driven all the way to Knightsbridge and found a parking space where, thanks to how time flies when you are unable to buy anything, I will now find a £30 ticket, it seems a pity not to get a hat, and brown brogues to go with it; but once it transpires that my illness prevents me from buying the it for them to go with, I find myself walking about in a sequence of silk dressing-gowns which I have always fancied would be just the thing to pull a gold Dunhill out of the pocket of. But not, all things considered, a tin Zippo.

Wouldn't it be better to buy a new tennis-racket? I have heard about these revolutionary big rackets, they can improve your game no end. Oh look, I am walking into the sports department, it has 38 revolutionary big rackets, I am practising my back-hand on each of them. Oh look, I am walking out of the sports department, how can I know which big new racket will most improve my game no end, and what's wrong with my old little racket, anyway?

What I ought to do is pop across to the book department. The Duchess might still be there. She could buy me things, if I could get her shackles off. Even if I couldn't, she might be able to recommend a good doctor.

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2 The Vorticists burst upon the art world in the summer of 1914 to blast away Victorian inhibitions. A new exhibition gives these young British artists their due. Page 39.

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Good politics, perhaps; good economics, no

By Tim Congdon

Almost alone in Europe, Britain is enjoying a vigorous upturn in economic activity. In the last few months consumer spending has been growing at an annual rate of about 4 per cent, and companies are becoming more optimistic. In the Budget Speech, the Chancellor forecast that growth of national output would reach 3½ per cent next year, well above the long-run trend.

The main cause of the return to better economic conditions is an acceleration in monetary growth. In the 3½ years to the end of 1994, the money supply (measured by the broad measure M4, including bank and building society deposits) grew at an annual rate of about 5 per cent. Since then it has been increasing by about 10 per cent a year. As in previous episodes of this kind, the faster rate of monetary expansion is having its earliest effects in the financial sector. Financial institutions find that their holdings of cash are much higher than they expected, and are trying to rid themselves of the excess money by buying assets such as shares and property. But for the system as a whole these efforts are self-defeating, for one institution's purchase of equities is another institution's sale. Excess liquidity is driving a strong rise in share prices. It is no coincidence that the stock market is at almost its highest ever levels.

The climb in share prices has made the rich feel better off. The price of large houses, particularly in central London, are rising sharply, but this spills out into the rest of the housing market as people buy and sell. People are feeling wealthier and are spending more. This pattern is similar to that found in the early phases of the booms of 1972 and 1973, and of the late 1980s.

So the essential thing for the Chancellor yesterday was to dampen down monetary growth. In fact, there is almost nothing in the Budget speech itself, or in the accompanying documents, about the need for a big shift in monetary policy. Admittedly there was a valid recognition that the buoyancy of the economy argued against large tax cuts. This is fine as far as it goes, but it does not go far enough. If the Chancellor were trying to manage the economy by fiscal means, taxes should have been not cut but raised. Yet any politically feasible change in the tax level would have been trifling, relative to the power of the monetary forces now at work.

The overall effect of the Budget measures is quantified as net "giveaway" of £735 million. When allowance is made for tax increases of £1,085 million announced in previous Budgets and taking effect only now, the impact is slightly to withdraw spending power from the economy. Mr Clarke could even boast that with remarkable political bravery he has organised a deflationary fiscal stance only six months from an election.

But this overlooks what is happening to credit and the money supply. Every month banks and building societies are extending billions of pounds of new credit. In the six months to October the average monthly figure was more than £6 billion. Against this background, it is a little puzzling that commentators should make such a fuss about whether the net effect of the Budget measures should be zero rather than plus or minus two or four billion. The fiscal go-kart is overwhelmed by the monetary steamroller.

The Chancellor's most urgent task is to reduce monetary growth. A 10 per cent annual growth of the quantity of money can, for a few quarters, be reconciled with a bubbling stock market, rising house prices, buoyant economic activity and low inflation. It may also lead to a politically welcome return of the "feel-good" factor. But in the long run it is fantasy to imagine that current monetary trends are consistent with the Government's target for retail price inflation of 2½ per cent.

Mr Clarke probably knows this. But he also knows that — such is the lack of interest in the complexities of monetary policy — he can conceal his monetary laxity by the apparent rigour of fiscal policy. Indeed, in the Budget Speech his references to monetary growth were so perfunctory as to invite the charge of disingenuousness. He claimed that "any risk to this recovery from inflationary pressures re-emerging" remains "a good way off", and that he "would stay ahead of the game on monetary policy", finishing with the references to the steadiness of Eddie and the canines of Ken. But the self-applause cannot hide the highest rates of monetary growth since the Lawson boom and unsustainably rapid growth in domestic demand. To talk about the economy's prospects in 1997 without recognising the importance of monetary policy is Hamlet without the Prince. But a better reference would be to Hamlet without the ghost. Nearly all the stop-go and boom-bust cycles in the post-war period have begun under Tory governments, with excessive growth of the money supply, usually before an election. The spectres of all those unsuccessful Tory Chancellors (Maudling, Barber, Lawson) ought to haunt Mr Clarke tonight.

The author is one of the Chancellor's independent advisers.

Peter Riddell says the Chancellor's pre-election sins have been modest by past standards

Bravura Budget, but not as virtuous as it looks

The Budget was a bravura Commons performance which should boost Tory morale and the party's short-term standing in the polls, but it is not nearly as virtuous in the long term as Kenneth Clarke claimed. It was a careful pre-election balancing act — offering a little in headline tax "cuts" and protection of priority programmes such as health and education, while trying to reassure City markets and avoid a rise in interest rates by a cut in public borrowing. The real test, however, is whether the Budget still looks good after the election.

Mr Clarke can rightly take credit for the beneficial results of some tough decisions taken over the past three years, and for a strong economy, with further growth and declining unemployment in prospect. He has been a good Chancellor, one of the best since the war. He has resisted the usual pre-election temptations somewhat more than most of his predecessors. There is no big tax "giveaway" here, and the overall impact of the measures announced yesterday is to tighten fiscal policy, reducing public borrowing by £1.8 billion next year. That is more than Roy Jenkins managed in his pre-election Budget in 1970, which has long been regarded as the model of pre-election prudence.

Yet if Mr Clarke has not sacrificed all of the hard-won gains in public finances of his Chancellorship, he has nevertheless taken some big risks. Before jumping to conclusions after listening to a Budget speech, it is always advisable to read the Red Book, with the detailed forecasts and analyses. These show that

Mr Clarke has made some optimistic assumptions. He offered the rosy prospect — and many would say miraculous prospect — of the economy growing by 3 per cent or more over the next few years at the same time as inflation falls to the official target of 2½ per cent or less. That would be a milestone in postwar British economic history. Business certainly reports that inflationary pressures are lower than would previously have been expected at this stage of an economic upturn. But the Bank of England is not alone in believing that further rises in interest rates will be necessary to contain inflation.

The expectation of continued rapid growth fuelled by a consumer boom is central to Mr Clarke's forecast of a decline in public borrowing. He said yesterday that it would be £4 billion less in 1997-98 than expected in the summer's economic forecasts. This is what has allowed him to say that Britain's Budget deficit will next year be within the Maastricht targets to qualify for a European single currency, and will at last be in balance by the end of the century.

Mr Clarke clearly enjoyed pointing out the possibility that we could still

enter the single currency, even though he well knows that no Conservative Chancellor is likely to announce that decision in the foreseeable future.

Public borrowing has been slow to decline over the past couple of years because of a big shortfall in tax receipts. The Treasury believes this problem has been cracked — both because the consumer boom is pushing up tax revenue, and because of what is called a "spend to save" package intended to crack down on tax evasion of all kinds and on social security fraud. This is all, of course, desirable, but the Treasury may be premature and overoptimistic in assuming that this programme "to stop scroungers and cheats" will bring in nearly £7 billion over the next three years. Such waste and fraud are notoriously difficult to eliminate. That makes a big difference to all the forecasts.

The spending plans are not quite what they seem either. Mr Clarke has defied the doubters and held down spending in real terms more successfully than many of us expected over the past two years. But he expects even tighter restraint over the next three years. This assumes a very tight squeeze on public sector pay, and

also assumes that falls in public sector capital spending will be offset by the raising of money from the private sector, through the Private Finance Initiative. Moreover, the detailed spending proposals have a pre-election gloss. Stephen Dorrell can taunt Labour by proclaiming a big rise in spending on patient care in real terms next year, but the Red Book projects that NHS spending will be at best unchanged in real terms in later years. That is implausible, so any post-election Chancellor will have to find money to fund the real terms rise which the Tories have promised and which is necessary to maintain standards. There are similar blue smoke and mirrors at work in education.

The tax picture too is patchier than Mr Clarke pretends. His balance of measures, combining a rise in allowances with the symbolic lip cut in the basic rate of income tax and even a few gestures in a "green" direction, was shrewdly judged. And Mr Clarke has taken sensible measures to safeguard the tax base. That is all to the good, but it makes little overall difference to the amount of tax we will pay next year, especially when likely big increases in council tax are taken into account. The total tax

burden, taxation's share in the overall economy, is forecast to rise next year and for the rest of the century, despite the small cuts in income tax.

Labour was last night pointing to the 22 tax rises announced by the Tories since 1992. The election odds remain unchanged. Nonetheless, it was carefully crafted to woo former Tory supporters, after discussions not just in the Treasury but also in focus groups of key target voters. It is a voter-friendly package, as Labour believes its promise of a 10p starting rate and a cut in VAT on fuel is too. Tory strategists believe what matters electorally is which party is more credible in promising future tax cuts. The truth is that neither party can honestly promise real tax cuts.

The true message of Mr Clarke's Budget is about tight limits on the freedom of manoeuvre felt by any Chancellor, even when the economy is doing as well as it is now. It is a real achievement to get public spending back down to 40 per cent of national income and to limit the rise in the tax burden. There is no scope for any relaxation. Any post-election Chancellor will almost certainly have to tighten fiscal policy further. No wonder Gordon Brown is so keen to stop his Shadow Cabinet colleagues making spending commitments.

Nonetheless, Mr Clarke deserves at least one and a half cheers. His pre-election sins have been modest by past standards. He has been overoptimistic, but he has not been irresponsible. After all, he does not want to make it harder for a Labour government to enter a European single currency.

Climax to an exchequered career

Europe is the only reason why Clarke is not the Tory heir apparent — but he insults the sceptics with relish

Surely we can lay the Great British Budget in its grave. Theatres used to be filled with critics not to give away the endings of whodunnits. The Treasury behaves likewise. Budgets were once surrounded with such secrecy and suspense that Treasury staff went into "purdah" for weeks beforehand. MPs put on top hats. Sterling held its breath. Lobby journalists behaved like acolytes at the Temple of Olympian Zeus. Reveal so much as a particle from a Budget speech beforehand and markets crashed, the Empire tottered and ministers were struck dead on the spot.

These days Budgets are so boring that when the *Daily Mirror* gets an advance copy it has the ghosts of its Fleet Street forebears turning in their graves. It actually hands it back to Downing Street burling that even without an injunction it would not want to cause turbulence in the financial markets. Besides, the penny off income tax was old news. These days, the Budget details, mostly variants on a theme of indexation, are so pre-spun by a myriad manipulators as to be tedious. As for the Treasury injunction, given the doctored leaks that ministers give morning radio every day in defiance of Commons protocol, the least Whitehall might do is honour an honest-to-goodness scoop with a dignified silence.

Modern Budgets rarely cause upheaval in a nation's economy or the income of its citizens. Economic fine-tuning is a continuous process. The Budget may put a few pounds on incomes here, take a few pounds off there, but interest rate changes do that every month, as do building societies and pension companies. Budgets raise or lower the price of some products, but so do producers. Budgets make forecasts, but they are no more accurate than private sector forecasts. Every Chancellor complains bitterly in his memoirs that Budget forecasts are next to worthless. Denis Healey railed against them, as did Nigel Lawson. Like the rest of the performance, they are ritual.

The formal Budget debate is unreal. The true debate has been tearing Downing Street and the press apart all summer and autumn. Nobody who

cares can be ignorant of the fate of 1997-98 spending totals for roads, education, health, the arts. All have been decided and leaked. The blood has been spilt, the carpets cleaned. The Budget merely signifies that the debate is over. It is the Treasury's version of the Queen's Speech, a sort of Whitehall prizegiving, with contestants gathered on stage for bouquets and commiserations.

Nor have Oppositions anything constructive to say. Economic policy in Britain has been stripped of all but syntactic controversy. The Chancellor may argue with the Bank of England, but Labour's Tony Blair and Gordon Brown have nothing to add.

As for public spending, Mr Brown treats his Shadow colleagues with the same ferocity as Mr Clarke and his Chief Secretary treat theirs, and for the same reason. Both must hold down expenditure and public borrowing so as to hold down taxes. Both want to appear as responsible custodians of the economy. Both agree on the rough balance of public and private expenditure. A modern Budget honours Walter Bagehot's principle that government is most excellent when it is most dull. Yesterday's Budget could as well have been read out by Mr Brown.

One minor mystery remains unsolved. This was clearly yet another polished performance by the man once portrayed as the prime minister in waiting. The strange "Affair of the Chancellor's Car" is an enigma that would test the ingenuity of a Conan Doyle. Cartoonists used to draw Kenneth Clarke as a giant with his feet up on the desk waiting for John Major to fall through a trapdoor. He was more than the hot tip for the succession. Political punters were taking bets every year on "Clarke by Christmas".

Suddenly he stumbled. Lesser souls such as Michael Portillo, John Redwood, Malcolm Rifkind, Gillian Shephard and Stephen Dorrell were at his shoulder. Mr Clarke still dominates every parliamentary occasion, as he did Monday's ridiculous Euro-row — with Michael Heseltine, he remains a Cabinet heavyweight — but what happened? Mr Clarke is said to have put too many bullets in his foot over the question of



European monetary union. For potential Tory leaders, this is a topic of Troiloperean subtlety. Each is expected to have a view that combines total conviction with absolute ambiguity. Above all he must not gratuitously insult the Eurosceptics, whose strength in the party is out of proportion to that in the country.

Mr Clarke not only insults them, but does so with gusto. He regards sceptics not as patriots to whose concern over Brussels intervention he is naturally attentive. He regards them as barking mad. It is as if Mr Clarke were determined to enter that Valhalla of senior Tories, where lie the best leaders the party never had. Yesterday he merely deepened the mystery.

For all this, we did have a glimpse of a more important budget. In a world less obsessed with political glamour, neither

Mr Clarke nor his speech would have held centre stage this week. That role would have gone to an announcement that should have reduced the Budget to a footnote in the financial pages. The announcement would affect the living and working conditions of Britons for years to come. The announcement was central to the economic use of the nation's scarce resources. Yet it has no parliamentary sex appeal. No minister's reputation hangs on it. No opposition frontbencher will make his name opposing it. The story rated barely a column in most newspapers.

I refer to John Gummer's "reallocation" of land for development across the length and breadth of England. The announcement reflects a bone-crunching confrontation between local democracy and central planning. I believe the

resolution of this true budget will come to dominate British politics in the next decade, far more than marginal shifts in income distribution. It is the politics of "new citizenship" proclaimed by the American Michael Sandel, the politics of Labour's communitarians and of social markets, properly so-called.

The Environment Department is one of the last redoubts of socialist planning in Whitehall. It still adds up the amount of development "needed" in each area, as if the railway, the commuter, the motorway and the second home had never been invented — and as if Adam Smith had never described the operation of prices. Thus Hampshire allegedly "needs" 160,000 more homes, and Cambridgeshire 120,000. This approach has over the past quarter-century filled Bedfordshire and Buckinghamshire with suburbs, covered Devon in caravan sites and depopulated Britain's inner cities.

Any economist knows that need for land is a function of price, determined within a framework of land-use planning. What was significant yesterday was the evidence that the Government is at least ready to be robust on the planning. Mr Gummer wants to see derelict and already developed land used for the bulk of new settlement, to protect the countryside from sprawl and from the traffic that dispersal generates.

Every opinion poll puts the English countryside, its woods, fields and hills, as top of the public's appreciation of the British way of life. The job of government is to translate this aspiration into a framework of control, and then leave prices to sort out the consequences. The past two decades have seen more of the English landscape covered in houses and shops than at any time since the 1930s, largely through the careless policies of past governments. Mr Gummer is still prepared to see 40 per cent of what he oddly calls the "need for houses" satisfied from rural land. Given what has been lost in recent years, the target should be zero. But he has shifted the emphasis for future population growth back to the cities.

This is what I call a budget. It reflects a real debate over the allocation of the scarcest national resource in the long term. This is a subject that packs meetings, fills the columns of local newspapers and fires young people with campaigning zeal. Mr Gummer's decision will affect the lives of citizens for years, not just weeks, ahead. Yet we hardly noticed it amid the pomp and ceremony yesterday. Instead, we screamed and roared about a predictable leak of a predicted speech of a predictable accountant's report. One day we shall have a real Budget again. Then it might be worth leaking.

Green man

JEREMY CORBYN, the far-left Labour MP for Islington North and defender of Gerry Adams, yesterday pulled out of a speaking engagement with Bernadette McAliskey, the former Irish nationalist MP.

The morning's newspapers had reported that Bernadette's daughter Roisin was facing extradition on charges connected to an IRA mortar attack on the British Army



"Don't worry Moses, they've been leaked"

barracks in Osnabrück, Germany. The news caused Bernadette McAliskey (née Devlin) to abandon her appearance at the event — entitled "Ireland: the Issue" and organised by Hammondsmith & Fulham Trades Union Centre.

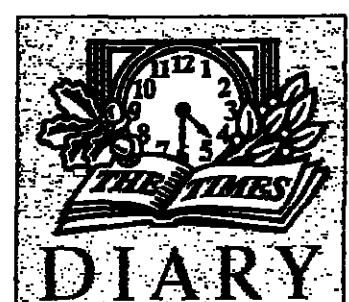
Coincidentally, the bearded, leprechaun-like MP, who dressed in green for the Budget debate, followed suit, without telling all of the organisers. His office insisted yesterday that the charges against Roisin McAliskey had nothing to do with his decision to avoid the debate.

"It's an administrative cock-up," said his secretary unconvincingly. "He's double-booked to appear elsewhere."

Deep throat

DURING these recent chaotic days, Kenneth Clarke has been deploying the most peculiar of his many debating tricks: the gurgling laugh. Under pressure on Monday in the chamber, he used it to fight off barbs during a tense session in the Commons on Europe.

Ask him a telling question and he will lean weightily on the dispatch



box, wave an arm in the air and emit the gurgling chuckle of a chap downing his pint too eagerly. "It's a laugh that has developed in the past year," says a Whitehall source. "It's not a nervous tic, it's a come-and-get-me, full-of-confidence laugh."

Experts agree. According to Cary Cooper, Professor of Organisational Psychology at Manchester University: "That strange laugh says: 'I am ready for the punch-up. I am on top of this.'"

Incidentally, when Treasury officials learnt on Monday evening that vital Budget documents had been leaked to the *Daily Mirror*, the Chancellor was out of reach. He was at Buckingham Palace — gurgling his way through the Budget with the Queen.

David McCallum, who played the multi-smooth Illya Kuryakin

in the television series *The Man From U.N.C.L.E.*, was hit by a taxi outside the Regency Hotel in New York the other night. Luckily, his days as an action hero paid off. As the car hit him, he jumped, hit the windscreen and bounced off. The taxi fled the scene, leaving McCallum with only a fractured finger and bruises. With a brush of his lapel and a smooching of his fringe, he said: "I learnt to roll off the bonnets of cars while I was in U.N.C.L.E."

Streamers

PETER SCROPE, a member of one of the oldest Roman Catholic fam-



McCallum: rolled off with great aplomb

ilies in Britain and the Conservative candidate for Darlington, a key marginal, has had his profile inadvertently raised by his local Labour council. It recently organised a medieval pageant, for which long banners were hung from all the lampposts in blue and gold. "They all showed the Scrope shield," says the delighted Tory.

Visitors to Cambridge might like to avert their eyes. Local police are growing concerned for the safety of a man who regularly parades nude on the central reservation of the M11, near Junction 12. He is often wearing a hat or a pair of underpants on his head.

Prime whiff

NORMA MAJOR was on parade at the American Ambassador's residence in Regent's Park yesterday for lunchtime for the Glamour America fashion show and lunch. The guest of Shirley Crowe, the Ambassador's wife, came away with one of the raffle prizes. She won a bottle of DK room's cologne, which she said was more her son's sort of thing than her husband's.

Sadly missing from the fashion parade were the professional blonde Tania Bryer and professional model Honor Fraser. In their place was the amateur Lady Vic-



The fictional Mrs Doyle and the real Pauline McLynn

toria Hervey, 19, half-sister of the Marquess of Bristol and heiress to our friends, the Fulham 18-girls. Her model's stink still has a lot of the country young about it. Given a programme of charity events I don't doubt she will improve.

Clerical cut

FANS of the tremendous Channel 4 series *Father Ted* will be excited to hear that Pauline McLynn, who plays the persistently cheerful Mrs Doyle, the housekeeper to a surplice of lunatic clerics, has been



nominated for Saturday's Comedy Awards. Though she plays a bawdy old woman of senior years, when she appears at the awards she will look more as she does in my picture, taken at her house in Stockwell, south London. The good thing is that nobody ever recognises me, unlike the other actors in the show," she says in a soft Irish tones. "The bad thing is getting typecast as a mad old woman. I'll enjoy dressing up though, and showing off the real, glamorous me."

P.H.S



FORWARD DEFENCE

Clarke can hardly be accused of electioneering

For the second day in a row, Kenneth Clarke has extricated himself from a tight spot. The Chancellor of the Exchequer delivered a solid Budget speech that had a little for everyone without taking risks with the economy. Having successfully reduced expectations of tax cuts, he managed to turn a modest Budget into a package popular to all — with only a little of his well-known wit.

It is easy to forget that, earlier in the electoral cycle, there were great expectations for this Budget. After several years of fiscal austerity, the last Budget before the election was going to be munificent. It would gratify voters with large tax cuts which the Tories could then challenge Labour to reverse. These would represent the clearest, bluest water that a Conservative could find. The best escape from such an attack has been exercising Labour minds for some time.

Higher than expected public borrowing has stayed the Chancellor's hand. It has become increasingly apparent over the past year that his room for manoeuvre would be constrained by the size of the deficit. He could have ignored this problem and gone for a nakedly political Budget. But punishment would have been wreaked by the markets. So he has taken the sensible political decision that low interest rates are more important than tax cuts.

This is also the best decision for the economy. As we have repeatedly argued, a country with a strong currency and inflationary pressures needs stricter fiscal not monetary policy. Using the weapon of higher interest rates would cause sterling to rise further, making industry less competitive. By tightening the fiscal stance by some £1.7 billion, Mr Clarke has done his best to stave off the need for higher interest rates this side of an election.

Within these constraints, this pre-election Budget was suitably populist in its detail.

Those at the top and bottom of the income scale will be disproportionately better off from tax cuts, thus pleasing rich Tory voters while assuaging their social consciences. The increase in the inheritance tax threshold will also appeal to wavering Conservatives, while there will be widespread support for the rise in the married couple's allowance and the reduction in benefit for new lone parents. The Budget nods towards the environment with incentives for cleaner air, and it bids for Labour territory on education, health and the social security safety net.

Its relative austerity, however, is based upon some bold assumptions about the future direction of inflation. To forecast growth rising by an extra point and inflation falling by half a point next year presupposes a virtuous combination that most Chancellors struggle to achieve. Much of the lower public spending that is needed to bring the deficit down arises from this assumption of falling inflation.

Between now and the election, then, Labour will be greatly relieved. Tony Blair's performance yesterday was as good as Mr Clarke's. He should have little problem persuading his party to abstain on Finance Bill votes; had they voted against tax cuts, the Tories could have made hay.

But in the longer term, this defensive Budget may present a trap for Labour. Should Mr Blair win office next spring, his government would be faced with public spending targets that could prove extremely difficult to meet. If inflation is higher than the forecast 2.5 per cent, public spending will automatically overrun. And while spending in areas such as health and education has been given a boost by Mr Clarke now, that is at the expense of future years, in which a real terms cut has been planned. Whichever party wins the election, the Chancellor will have left an awkward legacy.

BLOCKADE ON THE ROAD TO EMU

The lorry drivers' strike has wider implications

To those observing the French Government's attempts to squeeze an already depressed economy into shape for European economic and monetary union, the massive public support for the striking lorry drivers points to trouble ahead. The blockade is paralysing France, yet the drivers are being cheered on by four-fifths of the population, including professionals and civil servants as well as union members.

This is hardly because the drivers are any more typical of French workers than the miners were of British industrial relations in the mid-Eighties. Much of French industry has been drastically liberalised and is now highly dynamic; overall union membership is lower than it is in Britain. Nor is it because the lorry drivers' demands, for more pay for less work and retirement on full pension at 55, are reasonable in themselves. It is because their militancy has come to symbolise a multiplicity of different grievances — about cuts in public spending and treasured social entitlements, about the heavy social toll of high unemployment and about unaccustomed financial insecurity.

The country has had enough of austerity; and the more that President Chirac and Alain Juppé, his unpopular Prime Minister, insist that their policies would be necessary even if EMU were not in prospect, the less they are believed. Because they have not carried the country with them, every showdown weakens them further. Last year M Juppé vowed to stand firm in the face of crippling public sector strikes and demonstrations, only to retreat until there was only a tattered flutter left of the austerity

programme he had first announced. This year, the Government deliberately deferred most of the budgetary pain until next year, but that has not stilled the national discontent. It looks as though he will be obliged to retreat again — this time, at heavy cost to the haulage industry.

Why is the French Government peculiarly vulnerable? Others have also had to make painful adjustments, and have done so. In Britain, the curbing of union power and reforms in social security have been bitterly contested; but they have gone through nonetheless. In The Netherlands, a far more generous social network had to be cut back far more drastically. More recently, in Sweden, the Social Democrats have dismantled the main planks of the Swedish model in order to restore budget discipline. Even Spain is now soberly facing up to its economic difficulties.

Part of the answer may lie in public cynicism about the political establishment, the legacy of more than a decade of manipulative politics under President Mitterrand. Part of it is ascribable to M Juppé's personal aloofness. But above all, people have come to suspect that EMU, far from promising a relaxation of austerity, will mean more of the same. The link with EMU is rapidly becoming a political liability. The issue may be fudged for a while and the strikers paid. But sooner or later the markets will put their money where the public's mouth is. The longer M Chirac insists on treating EMU in 1999 as France's date with destiny, the harder he will find it to restore his Government's credibility.

THE LATIN REVIVAL

Where Romans lead, may Britons follow

Luigi Berlinguer, the Italian Education Minister, is a leading ex-Communist who, like most of his former comrades and many of their sympathisers in the British educational establishment, has encouraged the decline of the "elitist" Classics. On the peninsula where Latin was born, it was dropped in the 1960s for children between 11 and 14. Since May, classical history has also been relegated to the sidelines in Italian classrooms; ancient Rome has been compressed into a brief "introduction" to the 20th century.

But now, as our Rome correspondent reports today, there is a campaign to bring Latin back. It is led not just by Classics professors, who the cynics might say had a vested interest, but by a Milan architect and by Latin enthusiasts in all walks of life. Italian children, who live with the tangible evidence of the Roman genius all around them, may soon get a chance once more to understand the glories of their past. We hope that more British children will soon be joining them.

Latin is not, however, as straightforward an issue in Italy as it is here. It is not just a weapon in the battle for educational standards. Despite its prominence in the medieval world, and even more in the Renaissance, by the time of Italian unification in 1860, it was associated almost wholly with two groups, the Roman Catholic Church, which used it in the liturgy, and the Italian elite. Cavour and other leaders of the Risorgimento knew Latin well, but also associated it with the obscurantist papal states they had overthrown in their struggle to form modern Italy. For them, Italian was

the language of the people, and a key instrument of unification.

Latin remained an elite tool of knowledge until the 1920s, when Giovanni Gentile, the philosopher and first Fascist Education Minister, introduced it into secondary schools. Alas for Latin, Italians — even those old enough to have benefited from the Gentile reforms — are clearly still embarrassed by the distorted and selective Fascist use of the symbolism of Ancient Rome. For Mussolini, Latin was a reminder to the masses that his imperialist ambitions were an echo of Rome's greatness. Rome is still littered with fake Roman inscriptions on buildings of the Fascist era. Postwar teachers were enthusiastic to drop Latin from the syllabus. The Catholic Church abandoned Latin in the liturgy at about the same time.

Italy's new left-wing Government is being urged to put this recent past behind it: it should heed those attempting to revive the classical past. Today's Italian youngsters feel nothing of the alleged links between Latin and Il Duce. They deserve to become familiar once again with the joys of a language and literature that formed their culture and much of our own culture too. Latin may be hardly used in the Church nowadays, or even inside the Vatican; but that frees it all the more as the secular language of Ovid and Juvenal.

For too long the Second World War and the Mussolini years have been suppressed by Italians who would rather forget them. But this should not be at the expense of the Classics. If the campaign succeeds, it should encourage campaigners here too.

Avoiding traps on monetary union

From Mr Bernard Connolly

Sir, Kenneth Clarke's statement to the House of Commons on proposed European legislation on the so-called stability pact for economic and monetary union "ins" and a new exchange-rate mechanism and convergence programme for "outs" (reports, November 26) is deeply worrying.

On the new ERM, the Commission stresses what it claims to see as the need for a system "to protect the single market ... [and] ... demonstrate monetary solidarity within the Union" (COM(96)498). This need, as perceived by the Commission, must have implications for the exchange-rate policies of all "outs", including the United Kingdom.

Even if the new ERM is initially voluntary, political agreement by finance ministers on a need for it will imply British acceptance of an obligation to preserve "monetary solidarity". That means advancing the interests of Germany and its monetary satellites and of France.

The reinforced convergence procedures to be imposed under the legislation envisaged will extend the obligations of a new ERM to Britain. The obligatory convergence programmes must include a section on "prospects" for the exchange rate and long-term interest rates. Since no government is foolish enough to make public forecasts of these variables, prospects must be translated as targets.

At a conference in Brussels two weeks ago the head of the international monetary department of the French Finance Ministry, commenting on the proposals, stated: "We have to find a way of implementing Article 109m" (which imposes on Britain an obligation to treat its exchange rate as "a matter of common interest").

The convergence programmes, although rooted in the Maastricht treaty, impose additional legal obligations that go far beyond the provision of information spoken of by Mr Clarke. Most seriously, by insisting that governments must declare and stick to budget programmes for years ahead, they infringe the spirit of the underlying British principle that no Parliament can bind its successors.

Enacting this legislation will open the floodgates to further and even more objectionable European interference, via Article 103(f) of the treaty, in British economic and monetary policy outside the EMU. Mr Clarke tells us he would not accept anything that limited Britain's freedom of action. But he should know, qualified majority voting applies under Article 103(f); Britain cannot block it.

More fundamentally, Mr Clarke's expressed support for the principle of the stability pact is evidence of his opposition to government policy on Europe. Germany's insistence on a pact reflects that country's deep and justified mistrust of certain of its potential partners in monetary union. But the imposition of a stability pact would produce economic and political chaos on the Continent, something the British Government rightly says it wants to avoid.

The Government's ideal of a partnership of co-operating, independent nations in an economically and politically stable Europe can be achieved only if monetary union is abandoned. Mr Clarke should make other countries see that by blocking the stability pact. Instead, he commends it because it seems that he wants a monetary union, and one with Britain suffering in it.

Yours faithfully,
BERNARD CONNOLLY
(Head, EC Commission unit for EMS, National and Community Monetary Policies, 1989-96)
Vinkenlaan 32,
3078 Everberg, Belgium.
November 26.

From Mr Mark Bone

Sir, We have been bequeathed a parliamentary system by which we elect a House of Commons which enacts legislation. Just as importantly, the Commons has the power to repeal laws and we in turn have the power through the ballot box to elect a different government espousing different policies.

More and more laws and directives are emerging from the European machine and the drive towards a federal Europe is now quite transparent. With the word "irrevocable" ever more frequently appearing in the debate, we should all recognise that there is no mechanism whereby we can change, through the ballot box, any current policies or indeed any future policies of the Commission or the bureaucracy in Brussels.

Yours faithfully,
MARK BONE,
70 Cole Park Road,
Twickenham, Middlesex.

From Mr Charles Wide, QC

Sir, Professor Dashwood ("48-hour rule: why Europe is right", letter, November 19) is right about the European Court's judgment. Mr Iain Duncan Smith, MP ("Why our opt-out did not work", article, November 13), is not.

This is what is so worrying about the dominance of European law. So much power has been given away by British MPs who did not realise what they were doing and still do not fully appreciate what they have done.

Yours faithfully,
CHARLES WIDE,
Church Cottage, Main Street,
Glapham, Cambridgeshire.
November 20.

Safety measures on paracetamol

From Mr Alister J. Rutherford and Mr Jonathan D. Skeeles

Sir, What a pity the Department of Health and the Medicines Control Agency have not been more bold in protecting the public against accidental overdose of paracetamol and other analgesics (report, November 23). Even when packed in smaller boxes there will be no check whatsoever in non-pharmacy outlets against multiple purchases of the same ingredient. Many preparations contain paracetamol as an ingredient but are marketed for different purposes.

The supermarket checkout or village newsagent will never be able to counsel on the proper use of medicines. A more radical but effective step would be to restrict the sales of medicines to pharmacies. Across the Channel paracetamol poisoning is almost unheard of. The French restrict almost all medicine sales to pharmacies, as well as having a culture which treats medicines with respect.

Those who have applauded Asda's campaign for making medicines just another commodity to be sold anywhere and only on the basis of price should reflect carefully.

Yours sincerely,
ALISTER J. RUTHERFORD
(Regional Secretary,
Royal Pharmaceutical Society
of Great Britain),
JONATHAN D. SKEELES
(Chairman,
Avon Local Pharmaceutical Committee),
25a Weston Road,
Long Ashton, Bristol.
November 24.

From Dr T. C. Dann

Sir, It is 30 years since I wrote to the *British Medical Journal* on the fashion which was then starting for decrying the use of aspirin in children. Paracetamol was the drug recommended

instead. I made a plea for retaining aspirin, and I should like to recommend its use again now following the belated recognition that paracetamol in overdose is a dangerous and often lethal drug.

Aspirin is a more versatile drug than paracetamol; it is considerably cheaper and has the advantage that if taken in overdose with suicidal intention it may well fall, since if too much is taken it causes vomiting, which means that the overdose is thrown up and not absorbed.

Putting paracetamol in smaller packages and including more warning leaflets will be of little practical use in reducing cases of overdose. Aspirin may have side effects (and no effective drug has not), but in general it is a better drug than paracetamol and its use should be restored for the general public, except in individual cases who have been warned against it by their doctor.

Yours sincerely,
T. C. DANN,
37 Belsall Street East,
Balsall Common, West Midlands.
November 23.

From Mr Colin Armitage

Sir, Surely the simple answer is to incorporate the antidote in the paracetamol tablet. Such tablets are already available, albeit slightly more expensive than plain paracetamol.

If the Government were to insist that all paracetamol sold in this country should include the antidote, death (both deliberate and accidental) from paracetamol poisoning would be almost impossible.

I have the honour, Sir, to remain your obedient servant,
C. ARMITAGE,
26 Leicester Street,
Southport, Merseyside.
November 26.

French law

From Mr Stephen L. Phillips

Sir, Writing in your legal pages ("England is a model of reform", Law, November 19) Mr Matthew Rea explains that the English legal system is superior to the French. Why? Because English legal costs are so much higher than in France; hardly anyone can afford to go to trial; so settlements are reached out of court.

Nowhere does he address the question of how the French manage to dispense justice at a fraction of the English cost; still less does he concede that the English public might see merit in such a system.

It came as no surprise to read at the end of the article that Mr Rea is an English solicitor. They really do live in a different world to the rest of us.

Yours faithfully,
STEPHEN L. PHILLIPS,
The Mount, Chirk, Wrexham.
November 19.

From Mr Michael Gould

Sir, Comparing civil justice in England and France Matthew Rea makes the point that the English system is much more effective at securing settle-

ments of cases, thereby avoiding a trial, which is the most expensive part of the process.

Potentially the most effective of the proposals for reform of English civil justice are those which aim to reinforce this strength, such as for example allowing offers to settle by either side before or during proceedings, with heavy costs penalties for the side which refuses an offer but fails to achieve a better outcome at trial. The option to make such offers is not currently available to claimants, but would contribute greatly to the objective of equalising bargaining power which, as Matthew Rea stresses, is the area to concentrate on.

The more questionable proposals for reform are those which do not readily appear so likely to contribute to this objective, such as management of cases by judges and limiting fees recoverable by successful claimants against defendants.

Yours sincerely,
M. GOULD
(Solicitor/Senior Lecturer in Law),
Staffordshire University,
Leek Road,
Stoke-on-Trent, Staffordshire.
November 20.

Civil Service advice

From Lord Armstrong of Ilminster

Sir, I was surprised to see myself quoted, without my permission, in the tendentious letter from Dr David Richards and Dr Colin Hay (November 18).

It is a travesty of reality for them to talk about a "covert form of politicisation of the Civil Service". Mrs Thatcher did not "set out to personalise the top appointments system". She certainly wanted the process of senior appointments to reflect the need for permanent secretaries who would be effective managers as well as good policy advisers; but she was not alone in that, and there were no signs of political bias in her decisions on the recommendations made to her. And I very much doubt whether the episodes referred to by Dr Richards and Dr Hay as "political blunders" can be blamed

on a lack of independence of mind among civil servants.

Much more authoritative were the conclusions of the *Analysis* programme on BBC Radio 4 on November 24, the contributors to which — all of them with considerable depth of experience of the Civil Service — clearly believed that the Civil Service had not become politicised, that the vital principle that civil servants should give informed, impartial and dispassionate advice to ministers had not been eroded, and that it remained extremely important that it should be maintained in future.

Sir Robin Butler's recent actions have reaffirmed that vital principle and demonstrate that it is alive and well and living in Whitehall today.

Yours faithfully,
ARMSTRONG OF ILMINSTER,
House of Lords.
November 25.

Astrology and belief

From Mr Peter Mullen

Sir, It is surely a supererogation of riches to be presented with two bishops' letters on a single day (November 23). What a disappointment, then, to find a harems in each.

The Bishop of Repton declares that belief in God is irrational — to which one can only reply, "Tell that to St Thomas Aquinas!"

The Bishop of Rochester says that God is revealed in his suffering. But the Council of Chalcedon, AD 451, in my view proclaimed among other things that God does not suffer.

Yours, in what's left of the faith,
PETER MULLEN,
16 Whin Road, York.
November 12.

From Canon T. S. M. Williams

Sir, I beg to differ with Mr T. J. Smith (letter, November 21). The opposite of

doubt is not faith but credulity. Faith is the courage to accept doubt as an inevitable feature of finite existence. In faith it is possible to live in hope despite doubt.

Yours faithfully,
TREVOR WILLIAMS
(Chaplain Fellow),
Trinity College, Oxford.
November 21.

From Mr R. P. Kalman

Sir, The Suffragan Bishop of Repton stated: "Belief in God and atheism are both irrational, in the sense that they are beyond reason".

A dictionary definition of irrational is "inconsistent with reason or logic, absurd". If something is beyond reason it surely cannot be inconsistent with it, for one cannot apply reason or logic to it.

Belief in the deity and atheism are thus more appropriately described as a-rational, or even psychological.

The Bishop may be employing the wrong tools, somewhat akin to eating soup with a fork.

Yours faithfully,
RAYMOND KALMAN,
21 Florence Mansions,
Vivian Avenue, NW4.
November 21.

Who wants to be a church gargoyle?

From Miss Liz Mahoney

Sir, Although the Chancellor of the Diocese of Peterborough has found "no legal, aesthetic or other reason" why living churchmen should not be depicted as gargoyles (report, November 19) it is a great pity that the matter was taken as far as the church courts.

One might have expected members of the Church to concentrate their energies on the fact that more members of the public can identify the McDonald's logo than the Cross (report, later editions, October 29).

The financial plight of the Church is often mentioned in the press. But how can the public be expected to take this problem seriously when senior members of the Church authorities are attempting to resolve a dispute over gargoyles?

Yours sincerely,
LIZ MAHONEY,
Aberdare Hall,
Corbett Road, Cardiff.
November 20.

From Mr Andrew Anderson

Sir, As one who has gazed down, in stone, from high up on the walls of St Albans Cathedral for the last 15 years, I naturally take a personal interest in the two gargoyles to be installed in St Peter's Church, Oundle. But I also regard the dispute over their installation as the latest sign of alarm bells which are sounding nationwide about a wider issue: our apparent inability to do or support anything in churches, small and great, anonymously.

In the Middle Ages you only got a mention inside a church if you left money for people to pray for your soul, or if you were a mason or glazier who could find a remote spot where your name wouldn't be discovered; but today no one, it seems, is willing to give a penny without a brass plate on the wall or a pane in a window in return. At the present rate it will not be long before the historic church buildings of England are plastered with what can only be described as refined, officially approved graffiti.

The most worrying development, however, is the suggestion I have heard that the livery is insisting that plaques are placed in prominent positions to commemorate its grants. Do we really want to be reminded during our prayers that the organ, or the coffee bar in the north aisle, or some other essential feature of our worship owes its survival to the proceeds of gambling? Some things are best left unsaid.

Yours faithfully,
ANDREW ANDERSON
(Surveyor to St Albans Cathedral),
1 The Close,
Norwich, Norfolk.
November 19.

Jam tomorrow

From Mr J. C. L. Sharp

Sir, The simple answer to Ms Jill Leyland (letter, November 20), who asked who will be driving all the vehicles expected by the year 2025, is two-to-three-car families for households. Their number is increasing exponentially, to judge by the cars parked outside suburban houses.

If the number of families/households is (say) 20 million, your leading article's figure (November 19) of 50 million is not so fanciful.

Of course, all these vehicles would not be moving at the same time.

Yours faithfully,
J. SHARP,
27 Ward Way, Bexhill, East Sussex.
November 23.

Marriage banned

From Mr Michael Faraday

Sir, I was interested to read of Denis Mullock's experience of Shell's pre-war policy of forbidding staff to marry during their first tour of duty abroad (obituary, November 9).

As a trainee member of Shell's London office staff in 1959, I was interviewed by him (then group personnel co-ordinator). He asked me if I was married or had any present intention of marrying. I said "No".

"Good," he replied. "When I joined Shell before the war the company decided whether we could marry. Now," he added indignantly, "young men think they have the right to get married!"

Yours faithfully,
M. A. FARADAY,
47 York Gardens,
Walton on Thames, Surrey.
November 20.

Fit for the job?

From Mr C. D. Georgalakis

Sir, Poor Alexander the Great — according to Mr Cambouropoulos (letter, November 23) see also letter, November 20) he was a drunkard, and others have suggested he was bisexual and had a vile temper.

But what of the other side of the coin? Napoleon hardly drank. Hitler was teetotal and Genghis Khan only took the occasional cup of fermented mares' milk just to be social, much to the chagrin of his cronies.

Yours sincerely,
C. D. GEORGALAKIS,
Jefferys,
Ditchling Common,
Burgess Hill, West Sussex.
November 24.

COURT CIRCULAR

BUCKINGHAM PALACE

November 26: The Queen held an investiture at Buckingham Palace this morning.

The Earl of Arlcliffe KT (Lord Chamberlain) had an audience of Her Majesty and presented an Address from the House of Lords to which The Queen was graciously pleased to make reply.

The Governor of South Australia was received by Her Majesty.

The Rt Hon John Major MP (Prime Minister and First Lord of the Treasury) had an audience of The Queen this evening.

The Duke of Edinburgh, Founder and Chairman of the International Trustees, The Duke of Edinburgh's Award International Association, this morning chaired a meeting of the International Trustees and afterwards gave a luncheon at Buckingham Palace.

His Royal Highness, Patron and Trustee, The Duke of Edinburgh's Award, this evening gave a Reception at Buckingham Palace.

The Duke of Edinburgh, Patron and Trustee, later attended The Duke of Edinburgh's Award Charter for Business Dinner at St James's Palace.

By Command of The Queen, Vice-Admiral (Marshall of the Diplomatic Corps) called upon Her Excellency Miss June Lendore at 1 Collingwood Gardens, London SW5, today in order to bid farewell to Her Excellency upon relinquishing her appointment as High Commissioner for Grenada in London.

BUCKINGHAM PALACE

November 26: The Prince Edward, International Trustee, The Duke of Edinburgh's Award International Association, this morning attended a meeting of the International Trustees, followed by a luncheon at Buckingham Palace.

His Royal Highness, Trustee, The Duke of Edinburgh's Award, this evening attended a Reception at Buckingham Palace.

The Prince Edward, International Trustee, The Duke of Edinburgh's Award International Association, later attended a Dinner for members of the Award's World Fellowship at the Royal Air Force Club, Piccadilly, London W1.

BUCKINGHAM PALACE

November 26: The Princess Royal, Patron, the National Autistic Society, this morning opened the new

services at a London Education Authority school, the Fairway, Mill Hill, London NW7.

Her Royal Highness, Patron, Canal Museum Trust, later visited the exhibition "Pomp and Pleasure" and viewed the restored Tug Boat Bantam IV at the London Canal Museum, 12/13 New Wharf Road, Kings Cross, London W1.

The Princess Royal, Patron, the British Nutrition Foundation, this afternoon attended the Farewell Luncheon for Dr Elsie Widdowson and presented the British Nutrition Foundation Prize Awards at the Royal College of Physicians, 11 St Andrews Place, Regent's Park, London NW1.

Her Royal Highness this evening attended the Farmers Club Annual Dinner and Dance at the London Hilton, Park Lane, London W1.

ST JAMES'S PALACE

November 26: The Prince of Wales this evening held a Reception for Eastern College at Sandringham House.

His Royal Highness, President, The Prince's Trust, afterwards gave a Dinner for members of the Trust's Administrative Council.

KENSINGTON PALACE

November 26: The Duke of Gloucester, Grand Prior, the Order of St John, this afternoon held a Reception and Investiture of Knights and Dames of the Order of St John at St James's Palace.

The Duchess of Gloucester attended a luncheon to mark the 21st Anniversary of Research into Ageing at the Dorchester Hotel, Park Lane, London W1.

The Duchess of Gloucester, Patron, NADFA (The National Association of Decorative and Fine Arts Societies) this evening attended a Private View of the exhibition "Mysteries of Ancient China" at the British Museum, London WC1.

YORK HOUSE

November 26: The Duke of Kent, Colonel-in-Chief, this afternoon attended a farewell lunch for the Regimental Secretary, Colonel Joseph Horner, at the Royal Regiment of Fusiliers, Her Majesty's Tower of London.

THATCHED HOUSE LODGE

November 26: Princess Alexandra this afternoon visited the headquarters of the Police Federation of England and Wales in Langley Road, Surbiton, Surrey.

Royal engagements

The Duke of Edinburgh, as patron, will present the annual British Athletic Federation awards at Buckingham Palace at 10.00, as the patron and trustee, will attend receptions at St James's Palace at 11.30 and 4.00 for young people who have achieved the gold standard in The Duke of Edinburgh's Award; and will give a luncheon and preside at a meeting of the Trustees of The Duke of Edinburgh's Award at Buckingham Palace at 12.30. Later, as Honorary Member of the Smeatonian Society of Civil Engineers, will attend a dinner at the Institution of Civil Engineers at 7.15.

Queen Elizabeth the Queen Mother will visit the Royal Smithfield show at Earls Court at 11.45.

The Princess Royal, will visit Cottingham House, Hospital Lane, Leeds, at 11.00, as Patron of the National Association of Citizens Advice Bureaux, will visit the

bureau at 17 Canal Road, Bradford, at 12.00; as Patron of Sense - the National Deafblind and visually impaired pupils at Thorn Park School, Thorn Lane, Bingley Road, Bradford, at 1.30; and will deliver the opening address at the Health Visitors' Association's conference at the Anchor Centre, Paisley, at 3.00.

The Duke of Kent, as president, will attend the exhibition *Conflicts since 1945* at the Imperial War Museum at 11.30.

Princess Alexandra will open the Anchor Centre, Paisley, at 3.00, and, as President of Sight Savers International (Royal Commonwealth Society for the Blind), will attend a dinner given by the society and the Pakistan Association of Edinburgh and East of Scotland at the MacRobert Pavilion, Royal Highland Centre, Inverleith, Edinburgh, at 7.30.

Anniversaries

BIRTHS: Anders Celsius, astronomer, inventor of the thermometer, Uppsala, Sweden, 1701; John Murray, publisher, London, 1778; Fanny Kemble, actress, London, 1809; Chaim Weizmann, biochemist, 1st President of Israel, 1879; Nikolai, Belarus, 1874; Jimi Hendrix, rock guitarist, Seattle, Washington, 1942.

DEATHS: Horace Quintus Hor-

atius Flaccus, Roman poet, 8 BC; Andrew Melville, agricultural engineer, Dunbar, 1811; Alexander Dumas the Younger, dramatist and poet, Paris, 1895; Tom Walls, actor-producer, Ewell, Surrey, 1949; Eugene O'Neill, dramatist, 1909; Laurence, Boston, Massachusetts, 1953; William Shakespeare married Anne Hathaway, 1582.

Getting the measure of fine late fruit at the RHS show

Holly bears the sign of winter's approach

By ALAN TOOGOOD
HORTICULTURE
CORRESPONDENT

HOLLY berries, dried flowers and evergreen foliage at the Royal Horticultural Society's flower show indicate that winter is on its way.

But at this show, which opened in Westminster yesterday, it is not common or garden hollies that are attracting attention but some unusual deciduous kinds. Bluebell Nursery, of Smisby, Ashby-de-la-Zouch, Leicestershire, is featuring cultivars of *Ilex verticillata*, extremely hardy North American hollies for lime-free or neutral soil. *I. v. aurantiaca* with orange berries is especially eye-catching.

Bluebell Nursery is also showing shrubs with colourful bark including a new dogwood, *Cornus sanguinea* "Midwinter Flame" with flame-coloured stems.

A very colourful gold medal display of trees and shrubs with variegated, gold and purple foliage for winter effect has been staged by Burncoose Nurseries, of Redruth, Cornwall. It features a collection of pseudananas or lancewood from New Zealand. These trees and shrubs can be grown outdoors in Britain in milder areas, otherwise in conservatories. This is the first time such a collection has been shown and the plants are extremely variable, ranging from *Pseudananas ferax* and *P. crassifolia* whose bronze leaves look like the partly variegated leaves of an umbrella, to the more conventional *P. lessonae* "Purpurea" with purple foliage, and the gold and bright green variegated *P. lessonae* "Gold Splash".

A display of dried summer



Harry Baker, a fruit judge, uses a sizing ring to measure a dessert apple entered in the late apple competition at the RHS show. The average size should be 2 1/2 in.

flowers and herbs in a blend of soft colours has been staged by Norpar Flowers, of Navestock, Essex. The exhibit, which includes roses, lavender and hardy perennials, also shows how dried material can be arranged for indoor decoration.

Christmas and crab cacti, which are coming into their own at this time of year, are being shown by Westfield Cacti, of Kenilford, Devon, among other cacti and succulents. Cultivars in some of the newer flower colours are included, such as orange "Lucy" and "Thor Vida".

A gold medal has been awarded to Japanese Floral & Garden Design, of Kensington, London, for Ikebana floral arrangements. Gold medals have also been awarded to the following artists: Mary E. Byatt, of Elgerton, Grampian, for rhododendrons; Reinhold Raistrick, of Bury St Edmunds, Suffolk, for watercolours of fritillaria; and Miss Mariko Imai, of Japan (watercolours of asarum).

It has been a difficult

season for exhibitors of late-maturing fruit as ripening has been early this year.

However, the RHS Garden, Wisley, Surrey, has managed to stage a fine display of late apples. The collection includes one of the best dessert cultivars, "Pixi", with bright red and yellow fruits, raised at Wisley, and the comparatively new French dessert cultivar, "Delbard Jubile", with large red and yellow fruits of reasonable flavour.

Because of the difficult season, the RHS late apple and pear competition is rather thin on the benches. Mr C. H. Gardener, of Orpington, Kent, has won the class for three cultivars of dessert apples ("Fiesta", "Lord Lambourne" and "Spartan"). Mrs J. S. Lockhart, of Sevenoys, Kent, has won the class for two cultivars of dessert pears ("Fiesta", "Lord Lambourne" and "Spartan").

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Place Foundation, Sutton Park, near Guildford, Surrey, has won the Rosse cup for three cultivars (*Pinus coulteri*, *Pinus orientalis* and *Pinus pungens glauca*). Mr M. Nelms, exhibiting for Tresco Abbey Gardens, Tresco, Isles of Scilly, has won the class for an ornamental tree or shrub in bloom with an unusual exhibit - *Protea neriifolia*, from South Africa. This tender shrub, with pink crown-shaped flowers, thrives outdoors on Tresco. It also gained an Award of Merit at this show.

In the Orchid Society of Great Britain's competition, held in conjunction with the show, a large specimen of *Lycaaste Edward* has been judged best plant in show. Bred and shown by Dr Henry Oakley, of Beckenham, Kent, this 15-year-old plant, which scooped the Len Page trophy, has over 70 yellow green flowers and buds and a leaf span of two feet.

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OBITUARIES

SIR HAVELOCK HUDSON

Sir Havelock Hudson, former chairman of Lloyd's of London, died on November 14 aged 77. He was born on January 4, 1919.

As chairman of Lloyd's from 1975 to 1977, Havelock Hudson presided over a period of optimism and relative tranquillity in London's turbulent insurance market. Applications for membership of Lloyd's reached unprecedented levels during those years, and the consequent expansion was greeted with relief in an institution still reeling from a run of bad losses in the 1960s. In retrospect, however, that influx of new "names" and the changes that came with it—some of style, some of substance—may be seen to have made more likely the scandals and disasters that Lloyd's was to suffer in later years.



He caused £100 million of damage in a single night, half of it insured in London; but they also, he felt, marked the beginning of the end for cut-throat competition over premiums and helped to drive from the market some of the composite insurers who had been tempted into the specialised marine and aviation fields by the cash-flow benefits of investing premiums in the money markets at a time when rates were high.

As chairman of Lloyd's during a period of high taxation and a wavering pound, Hudson saw a steady growth in applications from would-be members. Throughout the 1960s the number of "names" had remained steady at about 6,000; by 1977 there were 10,500. Even so, Hudson emphasised that the volume of business should be limited by the reserves available. Most of his numerous foreign trips as chairman were intended not to drum up business but to explain why Lloyd's was turning it down.

An effective ambassador for Lloyd's abroad (in one three-week North American tour he covered 14,000 miles, submitting to dozens of speaking engagements and interviews), he was outspoken in his defence at home. "It is ludicrous," he complained, "that a global organisation that has helped to keep this ruddy country going for years should be denigrated."

His views on more general topics were expressed with equal vigour. Speaking at St Lawrence Jewry on the subject of "social responsibility", he blamed what he saw as "the collapse of national morale" on "the collapse of national morality". Lloyd's could show the way forward, he said, for it "is devoted to the concept of individual responsibility, to the exercise of initiative, to the ability to make up one's own mind and having the guts to back one's own judgment."

Such faith in the social and moral efficacy of the free market was perhaps hardly surprising in a lifelong City man. But Hudson was also, in the words of one of his more unlikely admirers, the poet Ted Hughes, "one of those few, intelligent people who can live in several worlds simultaneously". For more than a decade he was a dedicated chairman of the Arvon foundation, which helps young writers; and he relished his hands-on involvement in the running of his own estate in Berkshire.

After his retirement as chairman, he remained active at Lloyd's until ill-health and underwriting losses persuaded him to resign his membership in 1988. He had been knighted for his services to export in 1977.

He was twice married. His second wife, Cathleen, daughter of the 6th Earl of St Germans, died in 1994. He is survived by two sons from his first marriage, which was dissolved in 1956, and by a son, daughter, stepson and stepdaughter from his second.

ELIZABETH KNIGHTS

Elizabeth Knights, publisher, died from lung cancer on November 14 aged 41. She was born in Kent on September 16, 1955.

ALTHOUGH only 41 when she died, Liz Knights had time to make a notable career at the head of the publishing firm of Victor Gollancz. Her long and grave illness, unsuspected by those who were not close to her, never diminished her enthusiastic dedication to her work, her energy, or her exceptional clarity of mind.

Growing up in suburban Kent, Elizabeth Anne Knights was head girl of Alleyn's School and took a degree in history and politics at York University. Her left-wing opinions were clear and decided, but tinged by a characteristic shrewd scepticism. It used to be a cliché in higher education that all bright girls wanted to get into publishing. Few achieved the ambition, but Liz Knights did. Soon she was at the leading firm of Jonathan Cape as secretary to the chairman, Tom Maschler, who was said to eat secretaries for breakfast and certainly chose them carefully. By 1981 she was publicity manager at Gollancz, and in 1984 she became an editor, the line of work that was always nearest to her heart.

There had been only two people at the head of Gollancz since its foundation in the 1920s: the legendary VG himself and his equally formidable daughter, Livia. Something in decline since its great days, the firm was struggling in the new climate of mergers and conglomerates. Its future depended on a loyal and talented team, among whom Knights was outstanding. Heading the paperback division from 1987, she became editorial director—or "the publisher", as they like to say at Gollancz—two years later.

In 1990 it could be said that fortune was smiling on Liz Knights. Still in her thirties,

she had a job that would normally go to an older person: she was now happily married to Ian Craig, a designer who also worked in publishing; she had a host of friends and (quite a distinction in the publishing world) no enemies. But then lung cancer was diagnosed. Her reaction was to work as hard as ever, and very successfully.

For a publisher, the indispensable quality is flair. Vital,



Elizabeth Knights

Michael Foot. Most writers regard most editors as antagonists, whose damage to the text must be kept to a minimum, but with Knights the obligatory "gratitude to my editor" was genuine. No one could fail to respect her almost infallible judgement, her fine taste in the use of the English language, and her sharp eye for any clumsy phrase that fails to express what the writer meant to say.

During the 1990s, control of Gollancz was acquired first by the American firm of Houghton Mifflin and then by Cassell. The second upheaval required a move from the much-loved old building in Covent Garden to the sort of airport lounge that big companies prefer. On these occasions, assurances of "full editorial independence" are always heard, and generally mean as much as the independence of a republic in the old Soviet Union. It was largely thanks to Knights that Gollancz did preserve as much of its character and as much decision-making capacity as, in the nature of things, was possible.

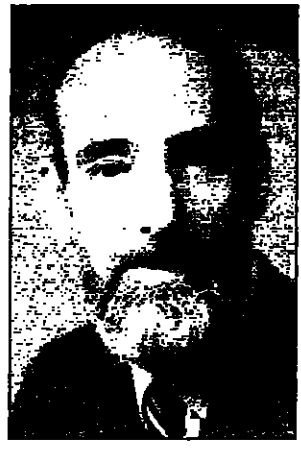
Meanwhile, she endured repeated courses of chemotherapy. Her natural enjoyment of life and her deep commitment to her work made these interruptions hard to bear. As she surmounted one crisis after another, friends tried to believe that her courage and her resolute will to live would enable her to chalk up another triumph. She was seen at her desk until three weeks before the end.

A woman of great charm and attractiveness, Liz Knights was loved as much as she was admired. Had she lived and worked through all the years she had a right to expect, an obituarist 30 or 40 years from now might be writing that she was revered. What is certain is that she will not be forgotten.

She is survived by her husband, two stepsons and a stepdaughter.

REAR-ADMIRAL JAMES ROSS

Rear-Admiral James Ross, CB, DSC, Assistant Chief of Naval Staff, 1960-63, died on October 27 aged 87. He was born on October 31, 1908.



Rear-Admiral James Ross

DESCENDED from the polar explorers, Sir John Ross and Sir James Clark Ross, James Ross was the author of two scholarly books which celebrate their discoveries. The first, *Ross in the Antarctic 1839-1843*, deals with the first systematic exploration of the Antarctic in the ships *Erebus* and *Terror* by his great grandfather, James Clark Ross, a man whom Amundsen described as "the most intrepid polar explorer and one of the most capable seamen the world has ever produced". A second magisterial work, *Polar Frontiers*, published as recently as 1994, deals with the lives of both James Clark and his uncle John, who in 1817 commanded the first Admiralty-sponsored expedition to find the North-West Passage.

James Ross was educated at Charterhouse and at Dartmouth Naval College. His first seagoing appointment, on graduating in 1927, was to the training ship of the day, coincidentally called *Erebus*. Subsequent postings included the China station in the cruiser *Suffolk* and the Mediterranean in the battleship *Resolution*. Qualifying as a gunnery specialist in 1934, he served in the battleship *Renown* before being selected on the basis of his intellect for the advanced gunnery course. War broke out while he was overseeing the building of the Tribal class destroyer *Tartar* at Swan Hunter's yard on Tyneside, so he was swiftly reappointed to a sister-ship, the *Somali*, as squadron gunnery officer.

Somali and her destroyer

squadron were in the thick of the Allied landings which tried to counter the German invasion of Norway in the spring of 1940. Massive air attacks caused many casualties. *Somali* was damaged, but was able, at the end of April when the situation ashore became untenable, to evacuate a complete battalion from Alesund. Ross was awarded the DSC for his coolness and gallantry.

Two years of innovative work at the experimental section of the gunnery school of Portsmouth were followed by appointment to the cruiser *Cleopatra* in the Mediterranean. *Cleopatra* supported her gunfire most of the operations leading up to the Axis surrender in Tunisia and Operation "Husky", the subsequent invasion of Sicily in July 1943. Towards the end of the campaign, *Cleopatra* was torpedoed by a U-boat but reached Malta in safety.

Having received early promotion to commander, Ross spent the rest of the war in the ordnance division of the Admiralty. In 1946 he was sent to Hong Kong as the Fleet Gun- nery Officer, followed by command of the Black Swan class

frigate *Hart*, again based in Hong Kong.

After promotion to captain in 1951, he was again in the Far East as Chief Staff Officer to the C-in-C Far East Fleet, based at the Singapore naval base *HMS Terror*. Subsequent tours included the inevitable staffwork in the Admiralty, as well as two years in Washington on the Nato staff. After commanding a frigate squadron from *HMS Duncan*, he was promoted rear-admiral in 1960. His final posting was Assistant Chief of Naval Staff (Warfare) and he retired in 1963, being appointed CB.

As frequently happens to ex-servicemen, he found himself a job which made use of his management and organisational skills: he worked as the office manager of an architectural practice until he reached the advanced retirement age of 72 in 1980.

Always an enthusiastic gardener, Ross was elected a member of the Worshipful Company of Gardeners and was their Master in 1983. Although the Company of Gardeners rates sixty-sixth in the pecking order of City of London livery companies (the Mercers are first, the Information Technologists one hundredth), their guild is first recorded in 1345. Ross's year is remembered for imaginative extensions of their charitable and horticultural work (among which the flowers in St Paul's Cathedral are notable) and for the quality of the guests at Gardeners' dinners: "I feel I have been dining with *Debreit*" was the comment overheard at one function.

His wife Helen McCall, whom he married in 1946, predeceased him by a month. He is survived by his daughter, a physicist working for the Open University.

EUGENE POLYAKOV

Eugene Polyakov, ballet master at the Paris Opera, committed suicide on October 25 aged 53. He was born in Moscow on April 27, 1943.

EUGENE POLYAKOV was first brought to the Paris Opera in 1983 by its newly appointed director Rudolf Nureyev. During nearly ten years as ballet master there, he saw the company grow greatly in reputation; it now ranks alongside the Kirov and the New York City Ballet as one of the finest in the world.

Polyakov played a central role in the running of the company, conducting rehearsals and helping with casting, teaching and coaching. All the while he made daily reports to Nureyev, even when the great dancer was abroad. But despite his responsibilities, he was always available to help the dancers, whether with personal or professional problems.

Eugene Polyakov studied at the Bolshoi Ballet School from the age of ten. On graduation, however, he was sent to Siberia to join the ballet company which had been formed at Novosibirsk after the war and whose standards were being raised at that time by the drafting in of new dancers and directors from Moscow and Leningrad.

The Novosibirsk Ballet made its first tours to Moscow and to Paris for the Festival du Marais in 1967. By then Polyakov, at only 24, was one of the leading dancers, dancing Bluebird in *The Sleeping Beauty* and the Prince in *A Theme of Purcell* and Mendelssohn's *Songs Without Words*.



Eugene Polyakov

In 1970 he returned to Moscow as a teacher at the Bolshoi but six years later he left Russia for Italy, where he took a post in Venice as ballet master at La Fenice. There he created the ballet *Francesca da Rimini* and mounted *Giselle* in which the Italian ballerina Elisabetta Terabust was partnered by Nureyev.

After a year Polyakov formed a new company, *Viva la Danza*, but shortly afterwards, in 1978, accepted an invitation to direct the ballet at the Teatro Comunale, Florence. During five years there, he made several more new works, including Stravinsky's *Baiser de la Fée* and *Rossignol*.

Nureyev danced in Florence as a guest during this time

and, impressed by his young compatriot's skill, invited him to the Paris Opera as ballet master in 1983. They formed an impressive working partnership, but even when Nureyev's contract ended in 1989, Polyakov and Patrice Bart (a former dancer with whom he shared his responsibilities at that time) continued to act as caretaker directors of the ballet for a year.

In 1992 Polyakov returned to Florence. His resumed directorship there brought his own productions of several classics, plus creations of *La Dame aux Camélias*, *La Ronde* and other works. Additionally, Polyakov was one of the people to whose scrupulous care Nureyev entrusted revivals of his classic productions. This work was to take him as far afield as China and Australia, as well as to Berlin, Milan and Vienna. London saw the excellence of his results when the Royal Swedish Ballet brought *Douglas Quixote* to the Coliseum last year.

Although earlier this year Polyakov returned to Paris to work again as ballet master with the company he knew so well, in latter months an uncharacteristic mood of depression overcame him, and eventually he took his own life. The Paris Opera dedicated its performance on October 25 to his memory.

He was unmarried.

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RAID ON A CLUB

TWO women and 35 men appeared on remand before Mr. Dummer at Bow Street Police Court yesterday to answer charges arising out of a raid on Billie's Club, Little Denmark Street, WC2. Miss Billie Joyce, 31, said to be the proprietress, was charged on a warrant with keeping and maintaining the club as a disorderly house, "wherein she did cause and procure and permit to assemble and remain on the said premises immoral lewd and disorderly persons using obscene language and behaving in a lewd, obscene and disorderly manner to the manifest corruption of the morals of his Majesty's liege subjects."

ON THIS DAY

November 27, 1936

When the proprietress of a London club was charged with keeping a "disorderly house", the prosecuting solicitor stated that "the type of dancing which went on was thoroughly disgusting... With one exception all the men were powdered and rouged."

On an average about five women were present nightly. It was quite clear, Mr. Clayton went on, that the club was a meeting place of a type of moral perversity, which seemed to delight in imitating persons of the opposite sex, not only in dress and speech, but in regard to the use of powder and the carrying of such things as powder puffs and rouge. The type of dancing which went on was thoroughly disgusting. With one exception all the men were powdered and rouged.

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A special report as Spain's Premier arrives in London
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Nannini finally savours his lap of honour
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BUSINESS EDITOR Lindsay Cook

WEDNESDAY NOVEMBER 27 1996



Screen test: dealers at Midland Global Markets listen to the detail as the Chancellor delivers his Budget statement in the Commons yesterday

Budget given cautious welcome by business

By PHILIP BASSETT, MICHAEL CLARK AND PAUL DURMAN

BUSINESS leaders broadly welcomed Kenneth Clarke's Budget as prudent, ignoring pressure for pre-election expansion measures in favour of moves to cut public borrowing and sustain overall economic growth.

But they were sceptical about the 1p income tax cut, as well as its possible impact on inflation, and maintained their belief that interest rates are likely to rise again before the General Election.

The City, with one eye on a decline in share prices on Wall Street, marked shares lower during the Chancellor's speech. The FT-SE 100 index, which ended the day 13.8 up at 4,068.4, had been about 20 points higher when he stood up to speak at 3.30 pm. Earlier in the day the index had

surged to an all-time peak of 4,094.4. The pound ended the day higher against the mark at DM2.5549, rising to 93.2 on the trade weighted index from 92.8 on Monday.

The Confederation of British Industry welcomed the reduction in public borrowing. But it was cautious until it saw details of the planned reductions in public spending.

While the CBI said that personal tax cuts had been "limited to an acceptable level", it warned of a number of tax changes which might add to business costs, such as the increase in airport duties and insurance premium tax.

Company directors gave the Budget "nine out of ten", according to the Institute of Directors. IoD leaders said business had "largely got

what it wanted" in terms of a marginal tightening of policy.

Ruth Lea, IoD policy head, said the Budget was "in the right direction", which took the pressure off interest rates but she said warned that the Bank of England was still likely to press for a further rate rise before the election.

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David Richardson, president of the British Chambers of Commerce, said: "A penny cut in income tax will do nothing for business and investment. Only time will be the test of the inflationary consequences of the 1p cut. The worry for

business is that while the cut is affordable to the Exchequer, it may not be affordable to business if interest rates have to rise." There was also concern about the possible inflationary consequences of the phased abolition of tax relief on profit-related pay.

Chambers leaders said that companies would have to fund the difference in employees' pay. But employers in the engineering industry praised the change, suggesting it would give employers time to alter pay structures. Small businesses were more mixed. The Federation of Small Businesses gave it a cautious welcome, but the Forum of Private Business said it was the "best Budget in a decade for owner-managed firms", citing especially the clampdown on the

black economy, the reduction in employers' National Insurance and the uniform business rate moves.

Share dealers felt events on Wall Street overnight were likely to have a far greater impact on London's financial markets this morning, than measures in the Budget. Brokers said the index fall that accompanied the speech was prompted by an erratic performance by the Dow, where an early 42-point lead was quickly reversed.

Philip Isherwood, equity market strategist at Kleinwort Benson said: "The Budget was a lot tighter than it originally seemed.

The gilt market should go better and we would envisage seeing the equity market reach 4,200 by the year end."

City accuses Clarke of getting his sums wrong

By JANET BUSH, ECONOMICS CORRESPONDENT

THE City last night pounced on what it termed a crucial inconsistency in the Chancellor's economic forecasts that would leave pressure in the financial markets to raise interest rates intact.

Economists argued that growth of 3.5 per cent, fuelled by a marked acceleration in consumer spending, was inconsistent with the Chancellor's claim that he remains on course to hit the Government's target for underlying inflation of 2.5 per cent or less.

The Chancellor revised up his forecast for growth a touch from 3.25 per cent and also his prediction for domestic demand, which moved up from 3.5 per cent in the Treasury's summer economic forecast to 3.75 per cent in yesterday's Budget. Consumer spending is expected to grow by somewhat more than 4 per cent.

Together with a doubling of what the Treasury now expects for investment growth—from 5.5 per cent in the summer forecast to around 10 per cent in the Budget calculations—there is great scepticism that the inflation target can be met.

Far from concurring with the Chancellor's view that his Budget represented a modest fiscal tightening, many economists felt that the package would give the economy something of a stimulus.

Although Kenneth Clarke claimed that his £2 billion of tax cuts were roughly offset by £2 billion in spending cuts, there was scepticism about whether the spending cuts were real. His calculations relied partly on a cut in the Government's contingency reserve, partly on capital spend-

ing by the Government being transferred to the private sector via the Private Finance Initiative and partly through anti-fraud and anti-tax avoidance measures that cannot be relied upon to deliver.

Professor Doug McWilliams, Director of the Centre for Economics and Business Research, said that the Budget would expand demand overall and that this would lead to higher interest rates and a stronger pound.

John Shepperd, chief economist at Yamalchi International Europe, said that the Chancellor had been able to deliver a Budget that appeared to have something for everyone.

There was, he said, some prudence on borrowing, which will now come down by more than was planned in the summer as well as some tax cuts. But this combination came courtesy of strong economic growth and represented something that was inconsistent with the Government's inflation target.

There were few quarrels with the Chancellor's lower forecast for the Public Sector Borrowing Requirement (PSBR) next year, which appeared to be consistent with his upward revisions to economic growth.

The Treasury is now expecting a PSBR in the 1997/98 financial year of £19 billion, compared with the £23 billion figure pencilled into the summer forecast.

The Chancellor left his forecast for this year virtually unchanged. In the summer, he was looking at a PSBR of £26.9 billion. This has now been revised to £26.5 billion.

BUSINESS TODAY

STOCK MARKET INDICES		
FTSE 100	4068.4	(+13.8)
Yield	3.90%	
FTSE All share	1988.63	(+5.11)
Nikkei	21418.25	(+124.68)
Dow Jones	6525.06	(-22.73)
S&P Composite	755.13	(-1.90)
US RATE		
Federal Funds	5 1/4%	(5 1/4%)
Long Bond	10 1/4%	(10 1/4%)
Yield	6.40%	(6.42%)
LONDON MONEY		
3-month Interbank	6 1/4%	(6 1/4%)
Life long gilt	11 1/4%	(11 1/4%)
Future (Dec)	11 1/4%	(11 1/4%)
STERLING		
New York	1.6733*	(1.6684)
London	1.6727	(1.6727)
DM	2.5551	(2.5412)
FF	8.6883	(8.6015)
SP	2.1842	(2.1458)
Yen	188.55	(188.17)
£ Index	93.2	(92.8)
DOLLAR		
London	1.5250*	(1.5236)
DM	5.1735*	(5.1580)
FF	1.2910*	(1.2885)
Yen	112.68*	(112.64)
£ Index	97.0	(96.7)
Tokyo close Yen 112.53		
NORTH SEA OIL		
Brent 15-day (Feb)	\$22.15	(n/a)
GOLD		
London close	\$373.85	(\$375.05)
* denotes midday trading price		

Penguin buy

Pearson became America's third largest consumer book publisher with the \$336 million buy of Putnam Berkley. Putnam will be integrated with Penguin, doubling its US market shares to 12 per cent. Page 31

Splashing out

Severn Trent, the water company, will spend £250 million to buy back up to ten per cent of its shares even though one out of five pints of water are still leaking out of its pipes. Page 34

Grid blames price review for job cuts

By CHRISTINE BUCKLEY, INDUSTRIAL CORRESPONDENT

NATIONAL Grid Group, Britain's electricity transmission network, is ready to implement job cuts that will result in a 20 per cent reduction in the workforce in its main business.

National Grid blames its recent pricing review from the regulator for the 750 job losses, which will be phased over four years. The cuts come as the company steps up its automation, shifting sub-stations to fully automated control.

David Jones, chief executive, dismissed union fears that savage job cuts could trigger blackouts and jeopardise the system. He said: "Automated stations will improve the system."

National Grid said actual

pre-tax profits fell £43 million, to £292.7 million, in the half-year to September 30, in line with analysts' expectations. On a pro-forma basis, reflecting the effect of last year's stock market flotation, pre-tax profits rose 4.9 per cent.

The interim dividend, payable on February 17, was set at 4.45p, an increase of 8.3 per cent. The final dividend will be 6.68p a share. National Grid has pledged to meet dividend growth targets outlined at flotation, in spite of the pricing review agreed by the company last month, which will cut average household bills by £4. The pricing curbs will take £1 billion off Grid revenues.

Pennington, page 31

Spending by card leaps 28% to £7.5bn

CONSUMERS spent £7.5 billion on plastic in October, as high streets continued to enjoy the fruits of improved confidence and spending power (Janet Bush writes).

Credit card spending grew to £4.2 billion, up 24 per cent, while debit card spending rose 34 per cent, to £3.3 billion.

The latest figures from the Credit Card Research Group showed that spending on credit and debit cards was up 28 per cent on October last year, reaching £1,557 a second on credit cards, and £1,228 a second using debit cards.

Elizabeth Phillips, its director, said: "Now that consumer spending is at its highest level for six years, credit and debit card spending is reaching new highs."

Eurotunnel debt deal delayed

By JASON NISSE

EUROTUNNEL is being forced to insert new clauses into its £9 billion debt restructuring agreement because of the fire last week that has closed the tunnel.

Senior bankers say this will cause a delay of weeks, or even months, before a deal, agreed in outline with the bankers' steering committee last month, can be put to the 22-strong banking syndicate for ratification.

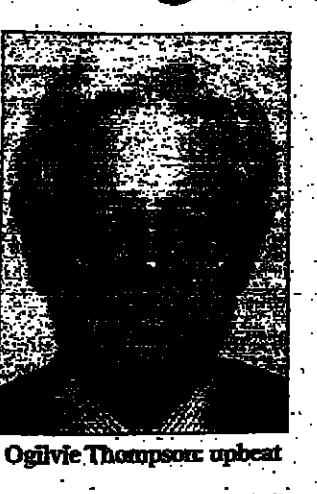
Talks between the banks, Eurotunnel and its advisers are taking place to arrive at a new formula to tackle the disruption caused by the fire and to find a form of words that will deal with what would happen if there were any further substantial disruption to service. The bankers believe

a revised deal cannot be agreed until the French Tribunal de Commerce, which is overseeing the restructuring, completes its report into the fire, which will take at least two more weeks. It is thought that a full service cannot resume for at least three months, costing Eurotunnel about £165 million.

Trading in Eurotunnel debt has dried up. The highest offers being made by investors have fallen from 40p in the pound to 33p.

The steering committee agreed seven weeks ago to a deal that would convert up to £4 billion of loans into equity or bonds, giving the banks a 49 per cent stake. It now has to sell the deal to the rest of the banks.

Anglo gives EU platinum assurance



ANGLO AMERICAN, the South African mining group, is hopeful of striking an agreement with the European Commission over its stake in Lonrho, the hotels to platinum group, Julian Ogilvie Thompson, chairman of Anglo, said the group had no intention of acquiring Lonrho's platinum interests.

Announcing an upbeat set of interim results, Mr Ogilvie Thompson said he was confident of reaching a satisfactory agreement with the Commission, which is alarmed at the prospect of a single player dominating the platinum market. The issue, least to the fore last month, when Dieter Bock, then Lonrho's chief execu-

tive, sold his 18.4 per cent stake in the company to Anglo for £238 million.

The Commission acted in April to block Lonrho and Gencor from creating a platinum supergroup, because of fears that Anglo and Lonrho would use their joint dominance of the market to fix prices. Karel Van Miert, European Competition Commissioner, gave warning then that the proposed link-up would create a duopoly dominating the world's markets in platinum and rhodium.

Similarly, he said, any takeover bid for Lonrho by Anglo would be opposed.

Anglo had recently taken an option over 18.4 per cent of Lonrho shares, lifting its effective stake to 28.5 per cent. Mr Ogilvie Thompson reaffirmed yesterday that the

company would keep its platinum interests separate. His comments came as Anglo announced headline earnings for the six months to September 30 up 22 per cent to 244 billion rand (£310 million). The interim dividend is up 23 per cent to 160 cents per share. Diamonds were the biggest contributor, up from 20 to 26 per cent. Platinum, base metals, and other mining interests saw contributions slip 1 per cent to 10 per cent.

In a joint statement, Anglo, De Beers, and the African Mining Group Consortium led by Capital Alliance Holdings, said they had reached agreement in principle to acquire a 34.9 per cent stake in JCI Limited. The purchase price is \$450 rand per share.

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Awkward questions about the Rosyth rebuff Prestigious builder's blunt tool Shrinking labour market in electricity

A bad decision put in the dock

THE privatisation of the Naval dockyards at Rosyth, on the Firth of Forth, and Devonport in Plymouth have provided an object lesson in how not to sell off state assets, or, more precisely, how to allow political considerations to ensure the worst possible return to the Exchequer. It is probably as well that Parliament had other things on its mind yesterday than to digest fully the news of the sale of Rosyth Royal Dockyard.

In 1993 the decision was taken to switch the £5 billion contract to refit Britain's Trident and other nuclear submarines from Rosyth to Devonport, on the basis that the latter management had undercut the former by £10 million: a preliminary work that was put at £120 million.

It was an extraordinary decision. The Navy was dead against it because of purely geographical grounds. Devonport was the worst choice. Rather too shallow, said naval sources, worried that they might not be able to get the ships out in time should urgent need arise.

On political grounds it made perfect sense. Rosyth is in Gordon Brown's constituency and in Scotland, so no extra votes there. Devonport is Liberal Democrat territory, but not at the time looking too solid. The Americans have a phrase for this: pork-barrel politics.

Within two years it became obvious that the decision was wrong, and the Government started to look at ways to go back on it. There was a formal review — top secret, naturally — at the Ministry of Defence. There was even talk that the Navy would have to go cap in hand to the Americans to do the work after 1999, rather than go to Devonport.

Rosyth has a huge facility known as the RD57 dock for refitting nuclear subs. Devonport is built on limestone and slate and needs special protection from earthquakes — according to the Nuclear Installations Inspectorate, at least. This adds enormously to the costs, which could total £500 million, according to one estimate.

This week saw the formal agreement of the sale of Rosyth to Babcock International, the firm that has managed the yard since 1987. But extraordinarily, the contract to award the Trident contract to Devonport and the sale of the yard to its management has still to be signed. In an ideal world the job would go to Rosyth, which has the facilities

and the experience. No blame attaches to Devonport's management — they submitted a bid that had to be competitive with the Scots, and before the MoD and the NII changed the rules.

But the decision this week to switch some of that nuclear refitting work, on two "hunter-killer" subs, back to Rosyth again, speaks volumes. It is as close to a climbdown as ministers apparently feel able to come. When the contract with management at Devonport is finally signed, and this is promised within weeks, MPs should be primed to ask some awkward questions about the extra cost.

Time for Costain to come clean

IT is now almost three weeks since shares in Costain, once one of Britain's most prestigious builders and now one of the country's most penurious, were suspended for the second time in a year. The impression given at the time, in a very brief statement, was that the suspension was made at the start of a long



thought but there is no delay; it is just that putting those things together with those other things took longer than expected. Does this not add up to a delay anyway? No, because no one knew how long the process would take in the first place.

The halting of share dealings means that investors, many of whom by now must wish they had never heard of Costain, cannot sell. Such suspensions are a blunt tool, and their use should not be prolonged. This is why they are generally referred to as temporary. Shareholders have no idea what is really happening, and no means of cutting their losses and exiting.

Except that some shareholders are very much in the know. The three investors who own 77 per cent of Costain are involved in the discussions on the coal sale, so they know what is going on. Mrs Bloggs, of 22 Acacia Avenue, hasn't a clue, bless her. So much for all shareholders being treated equally. The three controlling investors would have to be consulted, as any one could make the implementation of an eventual deal difficult if it chose

to. But given the suspension, it would do no harm to give Costain's small shareholders some idea of what is going on.

Making light work of job-cutting

SOME of our electricity companies really should be members of the Magic Circle, so skilled are they at pulling large numbers of jobs out of the hat in order to cut them. Has the industry really been such a heavy train that swathes of people can be so easily disposed of to boost short-term performance?

The job toll since privatisation is approaching 50,000 — and the lights are still on. One must hope that the arrangements between companies to share engineers does not go awry in harsh weather, when they will be hard-pressed to be in three regions at once. Last year the industry regulator upheld complaints from some customers who claimed broken power lines were not repaired quickly enough.

Yesterday came confirmation that the National Grid was to cut

nearly one in five jobs. These are the people that make sure Britain's transmission system is up to scratch, and would have to repair the network should it fall victim to a terrorist attack — so far untried, but not impossible.

The National Grid, which said early this year that the system was on the point of collapse because of heavy demand, said the job losses have been forced by the last pricing review. But the regulator dropped heavy hints that remuneration was one area the company could look to in order to save costs, and no evidence of that yet.

We are still in the relatively early days of privatisation. The City is happy with the immediate gains delivered by the job-cutting companies. Will we be as happy with our electricity service several years down the line?

Going, going GNE

TALKING of privatisation, a colleague has just tried to book a return ticket to Newcastle upon Tyne on the basis that he gets out at Leeds, drives to Tyneside and takes the train back to London. Fine under British Rail, whose staff had a reputation for being surly and unco-operative. The Great North Eastern says its smiling, customer-friendly inspectors will physically prevent him from disembarking.

Pearson buy promotes Penguin

BY ERIC REGULY

PEARSON became America's third-largest consumer book publisher yesterday with the \$336 million purchase of Putnam Berkley, whose stable of bestselling authors includes Tom Clancy, Patricia Cornwell and Dick Francis.

Putnam will be integrated with Penguin, Pearson's biggest consumer book business, doubling Penguin's share of industry sales in America to about 12 per cent. Pearson said that the acquisition will move Penguin from fourth to second position in the global English-language book market.

Pearson bought Putnam from MCA, the Hollywood studio acquired last year by Seagram, the Canadian spirits group that owns Oddbins in Britain. MCA is to concentrate on its film and music businesses.

Phyllis Grann, chairman and chief executive of Putnam, is to be president of the merged Penguin-Putnam group, reporting to Michael Lynton, who replaces Peter Meyer as Penguin's chairman and chief executive next month. Mr Lynton said: "The two businesses complement each other extremely well. It is a marvel-

lous way to start at Penguin." Putnam will expand Penguin's range of consumer books. Mr Lynton said, with Penguin's strength in backlist, or catalogue of older titles, and Putnam's its frontlist, or new titles, Putnam has stronger profit margins because new titles have higher prices.

On 1995 figures, Penguin and Putnam together will have sales of about \$650 million, profits of about \$65 million and some 2,000 employees. John Makinson, finance director at Pearson, said that merging the two companies, both of which are based in New York City, will eventually create annual cost savings of \$20 million by combining divisions. He would not say how many employees face redundancy.

Cost-cutting is designed to raise the margins of the Penguin-Putnam group to about 15 per cent. Putnam's are 12 per cent and Penguin's 10 per cent.

Mr Lynton said that Penguin probably will try to expand through acquisitions in the short to medium term.

Tempos, page 32

Anglo Irish Bank lifts profits 26%

FROM EILEEN MCCABE IN DUBLIN

ANGLO Irish Bank Corporation, the merchant bank with operations in the Irish Republic and the United Kingdom, yesterday reported a 26 per cent rise in pre-tax profits, to Ir£24.1 million, in the year to September 30.

Sean Fitzpatrick, chief executive, said the results were a "good, solid, repeatable performance". He added: "The power of our profitability is in Ireland, but all our operations in the United Kingdom and Austria also performed well. We have carefully positioned ourselves in the middle market niche and we have increased our share there."

Buoyant markets in the UK and the republic supported a 36 per cent increase in lending, to Ir£14 billion. There was a 30 per cent rise in deposits, to Ir£2 billion, as the bank sought to broaden its customer base.

Earnings per share rose by 31 per cent, to Ir7.46p. The final dividend rises by 10 per cent, to Ir2.2p, payable on January 22, making a year total of Ir3.7p, up from Ir3.36p.

Ashley son returns to the board

BY JON ASHWORTH

NICHOLAS ASHLEY, a former director of Laura Ashley, and one of the children of the company's founding couple, has returned to the fold.

Mr Ashley, 39, has been appointed a non-executive director of the company, ensuring the presence of an Ashley family member at board meetings.

Mr Ashley will alternate with his father, Sir Bernard, who stepped down as chairman in 1993 to become honorary life president. Mr Ashley was previously design director of the clothing and home furnishing company, the position held by his late mother, Laura, but left in 1991 to set up his own business. He designs and produces specialist motorcycling clothes.

Laura Ashley died in an accident in 1986, shortly before the group floated on the stock market.

The company is now headed by Ann Iverson, an American, who was recruited in July 1995 to revive the company's fortunes. Her arrival coincided with a wide-ranging boardroom shake-up.

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	Bank	Bank	Bank	Bank
	Days	Days	Days	Days
Australia \$	2.16	2.20	2.20	2.20
Austria Sch	15.80	17.38	17.38	17.38
Belgium Fr	35.32	31.02	31.02	31.02
Canada \$	2.51	2.19	2.19	2.19
Cyprus Cyp	0.003	0.748	0.748	0.748
Denmark Kr	10.38	9.58	9.58	9.58
Finland Mk	5.25	7.58	7.58	7.58
France Fr	9.00	4.58	4.58	4.58
Germany Dr	2.88	2.46	2.46	2.46
Hong Kong \$	2.15	2.15	2.15	2.15
Ireland Ir	12.55	100	100	100
Israel NIS	1.04	0.08	0.08	0.08
Italy Lit	2.70	5.08	5.08	5.08
Japan Yen	2834	2479	2479	2479
	282.20	188.50	188.50	188.50

STOCK MARKET

MICHAEL CLARK

Shares buoyed by Budget and Dow's record high

SHARE prices got off to another flying start on the back of Wall Street's overnight record-breaking run that carried the Dow Jones industrial average through the 6,500 level for the first time.

The leakage of confidential Government documents to a national newspaper confirming the Chancellor's decision to cut income tax by 1p in the pound also bolstered sentiment. The City has been urging the Chancellor to ignore calls for a giveaway Budget.

During the first half-hour of trading, the FT-SE 100 share index soared almost 40 points to a high of 4,094.4 before settling down to a more sedate pace as investors began to focus on the forthcoming speech. By the time the Chancellor rose at 9.30pm, it was 22.1 points up, at 4,076.7, as the Dow began again to extend its record-breaking run. A total of 626 million shares had already been traded.

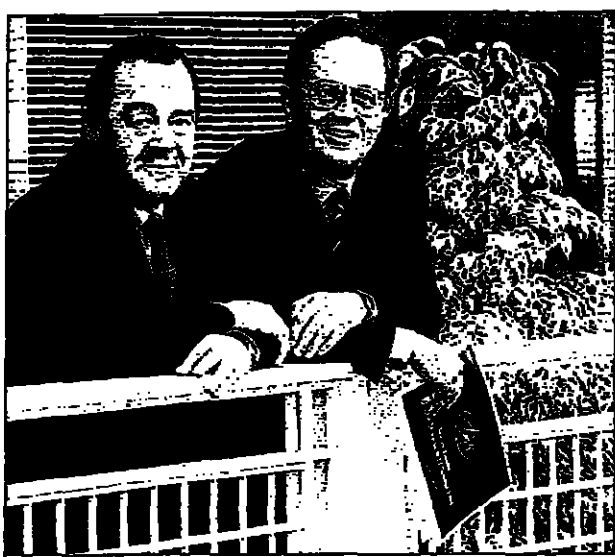
The strong overnight rise in share prices in Hong Kong was good news for HSBC Holdings, up 36p at £13.01, and Cable and Wireless, 5p better at 493p.

Rank Organisation firmed 2p, to 425p, ahead of a presentation for fund managers arranged by Henderson Cross-thwait, the broker, which is a big fan.

The drinks sector was of good cheer during the morning as the word went round that the Chancellor, fond of the odd tipple himself, might take pity on the brewers and distillers and cut duty by as much as 10p a pint in order to counter the effects of the booze cruises to continental Europe.

Bass touched 819p, before finishing 3p easier at 811p, but there were gains for Hardys and Hanson, up 3p to 297p, Scottish & Newcastle, 6p to 654p, and Whitebread, 3p to 755p. Grand Metropolitan, which owns Courage, also hardened 3p to 471p. Guinness, Britain's biggest distiller, was 1p dearer, at 485p, and Highland Distillers was 1p better, at 333p.

Matthew Clark, which has seen its price drop from a peak of 377p this year after losing market share to alcopops, managed to claw back some of its recent losses with a rise of 2p to 292p. This follows reports that the Chancellor was about to levy hefty



John Jarvis and David Thomas of Jarvis Hotels, up 4 1/2 p

increases in duty on alcopops. The two biggest producers of alcopops are Merrydown, with Two Dogs, down 1 1/2 p at 98p, and Bass, with Hoopers Hooch.

The banks were chased higher ahead of the Chancellor's speech, with stock shortages in the sector exaggerating price movements. Barclays put on 6 1/2 p to £10.10, National

group reaffirmed its intention of buying back up to 10 per cent of the equity.

As the cost and time needed to repair the Channel link continue to grow, so the price of Eurotunnel continues to suffer. It finished 6p lower at 75p, just 1p above its all-time low.

National Grid slipped 1 1/2 p to 197 1/2 p after announcing a

Fans of BTR are difficult to find, but NatWest Securities reckons the shares are too cheap for a company that is expected to generate double-digit earnings growth while increasing shareholder value. The group's core businesses have generated returns in excess of the cost of the capital. The shares firmed 2p, to 239 1/2 p.

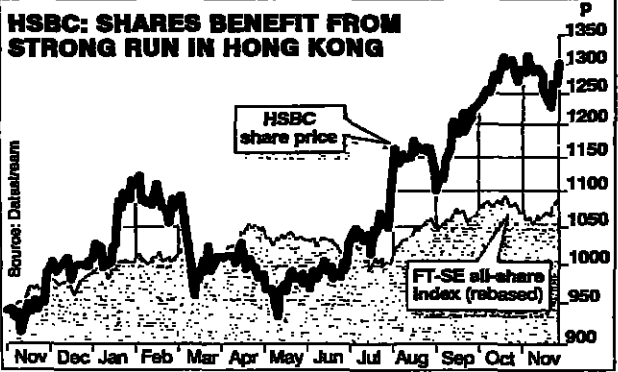
Westminster 5p to 698p, Standard Chartered 11 1/2 p to 680p, Abbey National 4 1/2 p to 683p, and Bank of Scotland 2 1/2 p to 290p. Royal Bank of Scotland was 6 1/2 p firmer at 530p ahead of figures tomorrow.

Treasury received cautious approval from the City, with the price adding 1 1/2 p to 669p. Pre-tax profits grew by £8 million to £197 million and the

profits downturn and the loss of up to 750 jobs over the next four years. The job losses were part of a move to cut costs by 6 per cent a year in order to meet tough pricing controls proposed by the regulator.

British Gas fell 4 1/2 p to 231p after Shell finally put paid to recent reports that the two companies were planning a merger.

News of a recommended bid



Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov

COMMODITIES

LIFE

CRUDE OILS (London 6.00pm)

Dec 97 90.00 May 98 90.00

Mar 98 90.00 May 98 90.00

Aug 98 90.00 Nov 98 90.00

Dec 98 90.00 Mar 99 90.00

May 99 90.00 Aug 99 90.00

Nov 99 90.00 Feb 00 90.00

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left Specialises 4p cheaper at 6 1/2 p. Optical Express, its rival, had made an offer of 6p a share, valuing the entire company at £1.9 billion. The deal has been approved by directors for almost 20 per cent of the equity. Half-year figures from John Jarvis, chairman of the fast-growing Jarvis Hotels, and David Thomas, deputy chief executive, were well received. The price added 4 1/2 p to 170 1/2 p. The group is targeting three new hotels in the second half.

Trace Computers slumped 4p to 22 1/2 p after plunging into the red and deciding not to pay a dividend. The group made a loss last year of £5.13 million compared with a surplus of £482,746 the year before.

Select Appointments fell 2 1/2 p to 327 1/2 p after announcing details of its offering of American Depository Shares. A total of three million ADSs are being issued, raising around £15 million. The issue has been priced at \$10.50, equivalent to 23p per ordinary share. Brokers said pricing of the issue had failed to live up to expectations.

United Drug is asking shareholders to dig deep into their pockets in order to raise £12.4 million by way of a heavily discounted rights issue. The money will be used to strengthen its balance sheet. The price firmed 5p to 365p.

A profits warning from Bearings International Power nursing a fall of 3 1/2 p at 17p after 14 1/2 p. The group says full-year profits will be substantially below current market expectations ranging between £1.6 million and £1.8 million. It blames a new method of stock valuation agreed with its auditors.

Still drawing strength from this week's profits and acquisition news, Hercules Property touched 90p before ending the session 2p firmer at 85p.

GILT EDGED: The bond market traded in narrow limits for much of the session with prices clawing back an early fall to stand virtually unchanged on the day as the Chancellor rose in the Commons. In futures, the December series of the long gilt was unchanged at £11 1/2.

NEW YORK: On Wall Street, shares were lower as investors digested the Dow Jones industrial average was down 22.73 points at 6,525.06.

Access Plus 100 107 1/2
Beaufort 3 4 1/2
Beechcroft 4 1/2
Brands Hatch Leis 179 1/2
Cris Almonds 187 1/2
Charles Taylor 174 1/2
Deep Sea Leis (160) 263 1/2
Druid Corp 202 1/2
Enter Inv 97 1/2
First Russian Pts C 595
Geo Interact Md 91 1/2
Glen Alder 132 1/2
Healthcare Reform 98 1/2
Jardine Ints (114) 122 1/2
Lofus Road (72) 69 1/2
Majestic Wines 225 1/2
Mear Group 11 1/2
Olivechschmidt 132 1/2
Oriental Restaurants 129 1/2
Provent 129 1/2
Sec Highland Hts 138 1/2
Second St David Inc 110 1/2
Second St David Res 9 1/2
Second St David Z Pl 184 1/2
Snakeboard (3) 3 1/2

Closing Prices Page 27

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More Group n/p (600) 18 1/2
Regan Pte n/p (30) 2 1/2
Sleeks n/p (82) 4 1/2
Vision Cp n/p (235) 63 1/2

RISES:
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Aster 805p (+20p)
Scotia 810p (+20p)
Com Union 675p (+19p)
Aur Rubber 687p (+11p)

FALLS:
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THE TIMES

CITY DIARY

Touch of spice for Chancellor

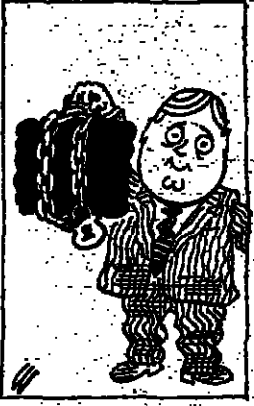
WHILE the *Mirror* was running wild with the contents of Ken Clarke's red briefcase, the Chancellor for choice to round off his evening with a curry. In spite of his penchant for chips, chips and more chips, it was some spice that the Chancellor was after on the eve of the Budget. Not a million miles from the Treasury, he headed straight for a curry house in Pimlico. Is that why he looked so red about the gills yesterday morning?

Tapping in

BEARING in mind that the Treasury's Internet site was under siege last year, imagine the hit that it took yesterday. Even before the Chancellor stood up to speak, anoraks were tapping into the Treasury after Piers Morgan made the first hit. Last year, about 2,500 people accessed the site in the first week of the Budget. Yesterday was the first time that the Treasury enclosed a computer disk with the 2,800 press packs sent out, in the hope of weaning recipients off the reams of paper that have a propensity to roam.

Early opening

THE recently refurbished George & Vulture opened its doors early yesterday to allow for the Budget. Within a quarter of an hour, 60 City types were at the bar that was once propped up by Charles Dickens. They all wanted a sure drink — the fastest thing on the menu — and a lot were drinking lemonade or colas, says the landlord, Ray Hall.



Groundless view

KEN BATES has put his name down for the most expensive apartment in Chelsea Village. The sheepskin-clad football chairman has reserved a £775,000 penthouse being built next to Chelsea's Stamford Bridge stadium. Bates, who has only recently put his farm in Buckinghamshire up for sale, is the third person to have reserved one of the new apartments. Unfortunately for Bates, his vast shack next door to the Shed will not have a view of the football ground.

PR panic

CITY press relations officers were panic-stricken yesterday over reports that the Oxo Tower Restaurant had gone up in flames. Not least the Warburgs whizz-kids, who have started trading tables at the trendy haunt. Word has it that there was a small fire in the kitchen that knocked out the Oxo Brasserie, but the restaurant was soon back in business. So much relief at Salomon Brothers, which holds its legendary annual client bash there next month.

Lucky number

A good omen for the new owners of the £86 million Mandarin Oriental Hyde Park. The Knightsbridge hotel is 88 years old, a lucky number in Feng Shui. Let's hope the eighties bring them better times than naughty Nick Leeson.

MORAG PRESTON

Exclusive hotels portfolio valued at £960m by Christie's

The seriously rich queue for Granada's sale of the century

For the super-rich, hotel industry giants and property companies it is a once-in-a-lifetime auction opportunity. The Exclusive chain — 17 of the world's most famous hotels — is up for grabs over the next two months as Granada clears out assets that it deems superfluous, acquired as part of the £3.9 billion takeover of Forte this year.

Granada, the leisure and media company where Gerry Robinson is chairman, has always maintained that it is more interested in the economies of scale and branding potential of the mid-market hotels — the Posthouse, Crest and Heritage chains — that it gained from the takeover. Besides, it needs to raise cash to reduce the interest bill on its huge debt pile. Granada sees hotels such as the Grosvenor House in London, the George V in Paris and the Ritz in Madrid as "trophies", believing that the huge investment in staff and buildings needed to provide top quality service cannot be justified in terms of returns on capital.

That attitude has not, however, dampened the enthusiasm of a huge range of suitors keen to add the prestige of a five-star hotel to their portfolios. When the auction was first begun in the summer, around 70 bids were posted to Lazard Brothers, the merchant bank acting for Granada. The number has been whittled down to a dozen or so genuine contenders, including some of the world's wealthiest men, such as Alwaleed bin Tala bin Abdul-Jah, a nephew of King Fahd of Saudi Arabia, and Prince Jefri, brother of the Sultan of Brunei. Hotel groups such as IIT, Sheraton and Marriott International are still in the hunt.

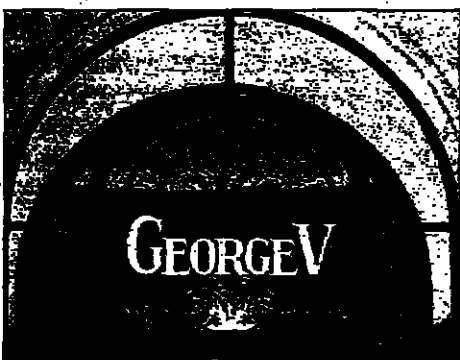
Mandarin Oriental, the Hong Kong hotel group owned by Jardine Matheson, became the first confirmed buyer last week when Granada accepted its £86 million offer for the Hyde Park Hotel in London. The announcement, made a day before Granada unveiled a sparkling set of results, was carefully timed. The hotel was regarded as one of the easiest to sell, benefiting from its fashionable Knightsbridge location, freehold status and the added glamour of its Marco Pierre White restaurant. But the price, some £16 million above book value, still impressed the City and suggested that Granada would be able to sell the whole chain for much more than its nominal book value of £802 million.

But it is becoming clear that Granada's decision to dispose of the hotels individually — to maximise the price of the chain — is creating complications. The hotels are hardly of uniform quality and the company has hinted that in certain cases — the Hotel Bristol in Warsaw or the Palazzo della Fonte in Italy, for instance — it may have to adopt a "buy one at full price, get one cheap" strategy.

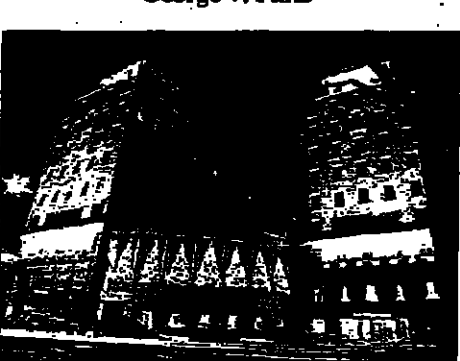
Concern is growing that even the sale of the Grosvenor House in London — with 995 rooms, by far the largest in the portfolio — is proving more difficult than expected. The Grosvenor House is located on Park Lane and possesses a 1,500-seat Great Hall — known in the hotel trade as the "elephant's garage" — which once served as a skating rink. But the sale is complicated by the fact that the Grosvenor also owns 185 apartments and is estimated to need around £50 million in capital expenditure to update the facilities. The Grosvenor has a book value of about £300 million but



Sandy Lane, Barbados



George V, Paris



Grosvenor House, London



Westbury, New York



Gerry Robinson needs cash for Granada

Christie's price tag was closer to £375 million when it conducted its own valuation. Chelsfield, the property company chaired by Elliott Bernard, is rumoured to be the most likely buyer. But Granada may remove the hotel from the market if offers do not reach £350 million, some analysts believe.

The Christie's valuation, made at the height of the bid battle, is proving especially vexing for Granada. Some hotel industry observers have argued

that because the hotel market has improved since the valuation, Granada should be able to command at least the £960 million price Christie's imposed on the Exclusive portfolio. But Granada insists that the £801 million book value is the measuring stick it is using for performance and has been angered by the rumours that a failure to reach the higher Christie's prices is throwing the whole auction into doubt.

On Monday the speculation

resulted in Granada shares falling back slightly, although the company insists that the disposal programme is on track to meet the company's end-of-year deadline. Granada will probably seek to calm market nerves with the announcement of another sale in the next few days. The Westbury, in Mayfair, London, is holy tipped to be the next disposal, and the acquisitive Chelsfield again heads the contenders — having apparently seen off interest

from Ong Beng Seng, the Singaporean hotel magnate. The 244-room hotel has a book value of around £33 million, although Christie's valued it at £40 million, and it is the higher figure that is seen as the most likely sale price. It made operating profits of £4.3 million on a turnover of £9.9 million last year. It has one major drawback — a 22-year lease — although Chelsfield is believed to be negotiating with AMP Asset Management, the Australian fund management group which holds a 900-year leasehold on the property, to extend the lease. The Westbury in New York is also part of the portfolio and on the sale list.

The disposal of Sandy Lane, the playground of the rich and famous in Barbados, is also understood to be near completion. Dermot Desmond, the Irish investor who owns London City Airport, is understood to have made an offer of around £40 million, significantly above the book value of around £27 million. The hotel commands some of the highest room rates in the world at Christmas, with guests paying up to £2,000 a night. Sandy Lane was also a favourite of Sir Rocco Forte until he lost the bid battle with Granada.

Granada should also have no problem selling the George V in Paris. The hotel is arguably the most prestigious in the Exclusive portfolio, a Paris landmark since the 1930s and able to offer a presidential suite even to its customers. Not surprisingly, it has attracted the attention of the seriously rich, with Prince Jefri of Brunei considered amongst the front-runners. Private buyers have the advantage of being able to take a longer-term view of a hotel's potential because they have no shareholders to answer to and some can afford to take control of a hotel such as the George V simply to satisfy vanity. The hotel has a book value of £92 million and is expected to attract offers only slightly higher than this price.

Sea Containers, which is building its hotel chain, has been linked with the Ritz in Madrid, situated near the Prado museum. The hotel has a book value of around £45 million but is valued by Christie's at closer to £54 million. Sea Containers is also rumoured to be eyeing the Eden in Rome. A number of hotels, however, are likely to be sacrificed for the sake of maintaining prices on the prize assets. The Plaza Athenee in Paris has a book value of £42 million, but with only a 12-year lease is unlikely to fetch anything like that. The Bristol in Warsaw, meanwhile, may have a famous past — serving as the watering hole for journalists awaiting Hitler's invasion of Poland — and has been substantially revamped, but is tarnished by its unfashionable location.

Inevitably, some of the participants in the bids will be disappointed. But Granada has held back one remaining trophy — its stake in Savoy Hotels. The company says that it will not start the sale of its 68 per cent stake, valued at around £260 million, until the Exclusive auction is completed. The disposal is likely to prove as contentious as the disposal of the lesser hotels in the Exclusive portfolio — because the Womser family retain voting control of the company.

ALASDAIR MURRAY AND LUCY McDONALD



ANTHONY HARRIS

Meanwhile, back in the real world...

EUROPE seems to have adopted a new slogan: "Stop the world, I want to get off." The British worry over a Budget which will surely prove trivial; if not, it will be mad. Across the Channel, EMU is just another obsessive distraction. One postulant member after another condemns itself to a recession which will make the whole project impossible — or at least ought to make it so; but no time is left to talk about the important realities: the impending crisis in the Middle East, the rather closer threat of a financial crash and, in the background, the menacing rise in unemployment. The first is a nightmare, so heads in the sand are perhaps a rational response; but the second and third ought to concern the financial world, to the exclusion of Euro-fantasies.

For a start, what is going on? Only a naive moralist will be surprised that equity markets are strong while the world economy is weak; that is the normal consequence of a purely monetary refraction, and is indeed the mechanism through which easy money, and thus cheap capital, can lead to an economic recovery. As long as the process is reasonably smooth, it can have the benevolent results we saw in the US, until very recently. This, though, is something different. The Euro-recession begins to look almost as obstinate as that in Japan, and even the US economy gets softer at every reading; but the bull market has turned into something more.

Over stimulus? Not at first sight. The actual money supply figures remain orderly almost everywhere, but there are plenty of other signs that monetary ease (now the rule everywhere except in London) has turned to overkill. It can be seen in the growth of central bank reserves (the ultimate high-powered money); worldwide dollar holdings are now rising at some \$150 billion a year. If this is not seen lower down the scale of monetary evolution, the reason could be the most basic of all: poor demand.

How many unsolicited loan offers have you turned down recently? These are one sign of what Jim Grant, the persistent Wall Street bear, has dubbed "yield grope" — the ever wilder search for a decent margin over Libor. It can be seen on the macro scale in the vanishing of yield differentials — Italian bond yields allowing almost nothing for probable accidents; a mere 17 basis points between Chilean BBB grade

commercial loans and US A grade, down from 50-odd as recently as May. It can be seen on the micro scale in the offer in New York of 100 per cent unsecured loans for liposuction. Liposuction loans also appeared at the peak of the late-80s credit blowout; but then, as Jim Grant reminds us, fatties could get only two thirds of the fee on credit. This kind of folly could lead to bank failures, as it did recently in the US and Japan; but you may well hope that central banks have proved (except in Japan) that they can contain any likely disaster. Perhaps.

Meanwhile, are they pushing on a string, as Keynes first put it? Yes, to judge by consumer credit, real estate prices, and the retreat of the commodity speculators. But if you leave enough loose string all over the floor, somebody is bound to trip up.

I now looks as if that somebody is the equity market. "Bull market" is too weak a term for Wall Street, where the whole market, already well into record territory, goes on rising, often by more than a full percentage point each trading day. This is not buying, but feeding frenzy — the kind of speculative climax which precedes every major crash. This is because crashes are not provoked by pessimists; they have been frightened for months. They come when prices rise fast enough to frighten even the optimists. That may not be just yet; indeed, prices may not be dramatically lower after the crash than they were, say, three months ago. But they will be dramatically down from whatever peak they are destined to reach; and probably quite soon.

So what do I hear you mutter? We had a crash in 1987, and that hardly disturbed the real world at all. Why not the same again? For a lot of possible reasons, unfortunately. In 1987 we were well in to a strong, worldwide economic recovery; not this time. Ordinary voters were involved mainly through their pension funds this time, ordinary Americans have a direct stake in the indices through their enormous holdings in the mutual funds. Governments were not then worried enough about jobs to have started the present stealthy race to devalue; this will make cooperation a fraught affair next time round.

And remember: it could be much worse than 1987 without even approaching the scale of 1929. Complacency, and even inattention, are surely out of order.

Side-betting on lottery could add value to the draw

From the Director-General of the Betting Office Licensees Association

Sir, Pennington may be justified in describing the nation's Saturday evening (soon to be Wednesday as well) preoccupation as an institution (November 20), but your writer's view that side-betting on the outcome would damage the National Lottery has no basis in fact.

For seven years, Irish bookmakers have been betting on their lottery numbers and there is no evidence to suggest that this secondary activity has been detrimental to the republic's twice-weekly game. In fact, examination of the situation there suggests that far from diverting turnover away from the lottery, side-betting adds

value to the draw by injecting an extra element of fun and entertainment.

For those unfamiliar with the practice, side-betting consists of bookmakers offering odds about particular numbers being drawn. Thus a betting-office customer can purchase his lottery ticket in the hope of landing the jackpot and add interest to the draw by having a bet on one, two, three, four or five, but not six, of the numbers selected.

In reality, such is the lure of the jackpot that the lottery has nothing to fear from any other form of gambling. In contrast, with a mid-week draw to be introduced in February, with a £100,000 scratchcard prize being mooted, and with other new games certain to be intro-

duced by Camelot, it is the gambling sector's established operators who have much to be anxious about.

In the case of betting offices, some 700 outlets and 3,400 jobs have been lost as a direct consequence of the lottery and many more are under threat. Under such circumstances, a removal of the ban on side-betting, thereby allowing bookmakers to introduce a product which would be complementary to the lottery, is the least the Government can do to help.

Yours faithfully, TOM KELLY (Director-General, Betting Office Licensees Association), Francis House, Francis Street, SW1.

Will Lloyd's take lead or follow?

From Mr John Pincham

Sir, The Association of Lloyd's Members warns names underwriting for 1997 to exercise extreme caution. Lloyd's may break even if there are no serious catastrophes.

Eagle Star makes a further £91 million provision for environmental claims in the US. The problem has not gone away.

Must Lloyd's collapse and the world market implode before standards of prudent conduct are agreed and imposed and retrospective legislation is repealed and banned? Will Lloyd's take the lead or follow the dodo?

Yours faithfully JOHN PINCHAM (County Councillor for Claygate and Hinchley Wood), 35 Lodge Close, Stoke D'Abernon, Cobham, Surrey.

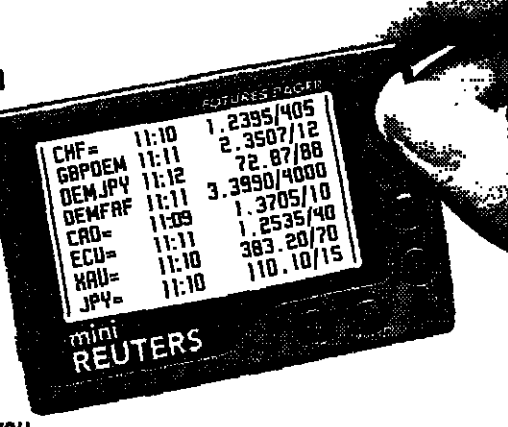
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Shares pull back from early highs

TRADING PERIOD: Settlement takes place five business days after the day of trade. Changes are calculated on the previous day's close, but adjustments are made when a stock is ex-dividend. Changes, yields and price/earnings ratios are based on middle prices.

High	Low	Company	Price	%	P/E
17.75	17.50	Alcoholic Beverages	17.62	+1.4	18.5
17.75	17.50	Banks	17.62	+1.4	18.5
17.75	17.50	Breweries, Pubs & Rest	17.62	+1.4	18.5
17.75	17.50	Diversified Industrials	17.62	+1.4	18.5
17.75	17.50	Engineering, Vehicles	17.62	+1.4	18.5
17.75	17.50	Food Manufacturers	17.62	+1.4	18.5
17.75	17.50	Building & Construct	17.62	+1.4	18.5
17.75	17.50	Electricity	17.62	+1.4	18.5
17.75	17.50	Electronic & Elect	17.62	+1.4	18.5
17.75	17.50	Healthcare	17.62	+1.4	18.5
17.75	17.50	Household Goods	17.62	+1.4	18.5
17.75	17.50	Engineering	17.62	+1.4	18.5
17.75	17.50	Insurance	17.62	+1.4	18.5
17.75	17.50	Chemicals	17.62	+1.4	18.5
17.75	17.50	Distributors	17.62	+1.4	18.5

High	Low	Company	Price	%	P/E
17.75	17.50	Pharmaceuticals	17.62	+1.4	18.5
17.75	17.50	Printing & Paper	17.62	+1.4	18.5
17.75	17.50	Mining	17.62	+1.4	18.5
17.75	17.50	Leisure & Hotels	17.62	+1.4	18.5
17.75	17.50	Oil & Gas	17.62	+1.4	18.5
17.75	17.50	Other Financial	17.62	+1.4	18.5
17.75	17.50	British Funds	17.62	+1.4	18.5
17.75	17.50	RETAILERS, FOOD	17.62	+1.4	18.5
17.75	17.50	RETAILERS, GENERAL	17.62	+1.4	18.5
17.75	17.50	WATER	17.62	+1.4	18.5
17.75	17.50	ALTERNATIVE INV MARKET	17.62	+1.4	18.5

High	Low	Company	Price	%	P/E
17.75	17.50	Support Services	17.62	+1.4	18.5
17.75	17.50	Property	17.62	+1.4	18.5
17.75	17.50	Telecommunications	17.62	+1.4	18.5
17.75	17.50	Textiles & Apparel	17.62	+1.4	18.5
17.75	17.50	Transport	17.62	+1.4	18.5
17.75	17.50	INDEX-LINKED	17.62	+1.4	18.5

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How newspapers win new readers

The corpse of *Today* was still warm when the fight began to recruit its readers to new allegiances after it was closed down a year ago. Yet a year later it is the right-wing *Daily Mail* that has most successfully wooed former readers of the left-wing *Today*.

As soon as *Today* closed, the *Daily Mail* offered itself free for a week to *Today* readers. The circulation director Mike Newman bought a list of *Today* readers and sent them a letter offering delivery of the *Mail* free for eight days and then for a period at half-price.

It was largely the success of this tactic that pushed sales of the *Daily Mail* above two million for the first time in 28 years.

Britain's newspaper market is the fiercest in the world, but readers have strong loyalties to their chosen papers. So the secret of success lies in persuading them to try a rival. Once tempted, they may decide to switch permanently.

Newspapers have been using two main marketing tactics. The most successful, started by *The Sun* and *The Times* and since copied by almost every newspaper group, is reducing the price. Sales of *The Times* have more than doubled and *The Daily Telegraph*, with a mailshot offering a year's subscription for £1-£1.50 a week, says it has recruited more than 100,000 new buyers.

Another tactic is to offer free trials. On Britannia Airways and British Midland flights, there are free copies of *The Express*. There are free copies of *The Times* at Forté hotels. Earlier this month there were free copies of the *Sunday Mirror* and *The People* at Sainsbury's supermarkets (which added about 150,000 to their "sales").

When advertisers decide where to buy space in newspapers, their decisions are based on sales but particularly on readership and readers'

PAPER ROUND

Brian MacArthur

socio-economic status. It is therefore vital to newspaper managements that ABC figures accurately reflect their market position. The question now being asked by some managements is whether sales at lower rates than cover prices or free copies — known as bulk sales — should be counted in the monthly ABC figures. After protests earlier this year, that was why the ABC decided to record statistics in separate

'The real quarrel about the ABCs is over bulk sales'

columns for sales at full rates, lesser rates, and bulk sales.

Managers at *The Times* in particular are questioning the *Telegraph's* October ABC figures which recorded 49,000 sales at a lesser rate based on 10p vouchers — but failed to declare the extra 100,000 cut-price mailshot subscriptions in the lesser rate category. So where did they go, ask *Times* managers, and why is readership of the *Telegraph* going down as sales go up?

All managements agree that free copies on a flight or at a hotel breakfast are probably properly read and genuine sampling exercises. Where they differ is over giveaways dumped at supermarkets or petrol stations, which many managers believe are simply thrown

away. Whatever the argument, readers did not make positive choices marked by a payment — they were not buyers. So should bulk sales even be counted in the ABCs?

At stake for editors and managements in the battles of the marketers are important psychological issues. Strip out cut-price and bulk copies and sales of *The Daily Telegraph* and *The Express* both slip below a million a day — for the *Telegraph* from 1,077,000 to 978,000 and for *The Express* from 1.2 million to 988,000, while *The People* slips just below two million.

Among the daily broadsheets, average daily sales at reduced prices have risen in a year from 18,000 to 79,000, with significant increases recorded by *The Independent* — up from 356 to 10,193 — and *The Daily Telegraph* — up from 1,958 to 49,931. At *The Times* they have risen from 3,573 to 11,141. Yet readers made positive choices and paid money to buy all these newspapers.

The real quarrel over the ABCs is about bulk sales, which are used by declining papers to prop up circulation and by those on a rising curve to push distribution to new records.

If bulk sales were removed from the ABCs, *The Express* would still be selling comfortably more than a million, the *Telegraph* would be just over at 1,028,000 — but *The People* would only scrape home at 2,000,782. That, of course, is why so many copies of *The People* were on offer at Sainsbury's for nothing and why the bulk sales recorded in the ABCs have been rising so sharply.

The President of South Africa has attacked 'white-controlled' newspapers, Ray Kennedy writes

Mandela blames the press



Leading journalists have had a 'robust' meeting with President Mandela

For a man who is often thought of as a political saint, President Mandela of South Africa has the very devil on a sharp tongue. Thus it was with feelings of dismay and wariness that 20 of the country's leading black journalists met him at their own request last week.

A few days previously he had accused the "white-controlled conservative media" of getting senior black journalists to do "their dirty work".

That followed an earlier broadside against some black journalists who, he said, "regret we have destroyed white supremacy in this country and who are taking out their venom on the one organisation that has brought about radical changes. They have no conception of the problem facing this country."

Halfway through its five-year term of office, the African National Congress Government is beginning to come under sharp scrutiny and many people view this as a healthy sign that democracy is beginning to work. For decades of National Party rule, the media — particularly the English-language press — was shackled by more than 100 laws limiting access to information and freedom to publish, some of which are still in place.

Editing a newspaper in South Africa, a former editor once noted, was like walking blindfolded through a minefield.

But politicians, whatever their hue, remain sensitive. There was fury from the ANC at a report in *The Star*, written by one of its black reporters, that Mr Mandela had stunned the party's national executive by saying he had not chosen his successor and that Thabo Mbeki, the Deputy President, was not his heir apparent.

The Star's report appears to have

fuelled Mr Mandela's outburst. He pointed out that his successor would be chosen by the party congress, not by him. But *The Star* reporter's interpretation, based on an unnamed source in the ANC executive, was that it meant that "the race is on".

The four-hour meeting between Mr Mandela and the black journalists was described as robust. Thami Mazwai, chairman of the South African National Editors' Forum, said that the President undertook not to repeat his charges with the proviso that journalists did not "overstretch the limit".

Mr Mandela's interpretation of it was more circumspect. "We don't want you to be an ANC mouthpiece. We don't want you to be lap dogs," he said. "As long as the press continues to be controlled by conservative whites, we will continue to have a problem of senior black journalists expressing views that are not in conflict with those of their employers."

Raymond Louw, former Editor of the now defunct *Rand Daily Mail*, which won an international reputation for its courageous campaigning against and exposure of apartheid-era outrages, described the situation as "bizarre".

"One wonders who is feeding these thoughts to Mandela," he said. "It is quite clear he does not have detailed knowledge of the media, otherwise he would not have made such outrageous statements."

The English-language press has a courageous record of fighting apartheid — in fact, although this appears to be forgotten by many in the ANC, it was one of the few 'white' institutions in the country that fought the apartheid government consistently."

THE LIST

THE NEWS BEHIND THE HEADLINES

Express axe falls on Monk

FOLLOWING weeks of speculation Ian Monk left *The Express* this week, to be succeeded by Tessa Hilton, after an internal inquiry into his professional conduct. His abrupt departure from the

post of deputy editor comes almost four weeks after Anita, his Dutch-born wife, was arrested for allegedly trying to sell a stolen copy of Allan Starkie's insubstantial account of the secret life of Sarah Duchess of York to *The Sun*.

The book, printed secretly in America and Finland, was bought for serialisation for £101,000 by the *Daily Mail*, a fierce rival of *The Express*, for which Mr Monk worked previously as an executive editor. This is the latest crisis to

sweep *The Express*: in September about 90 journalists, including Sue Douglas, Editor of the *Sunday Express*, were made redundant.

Sun downer

CENSORSHIP is not dead on the nation's campuses. *The Sun* is at the centre of a kerfuffle at Leeds University where students, objecting to the photographs of scantily clad women in the paper, have voted to ban it from the

Student Union shop. The city's student newspaper, *Leeds Student*, which was named student newspaper of the year and number among its former editors the *Daily Mail's* supreme Paul Dacre, the BBC's Nicholas Whitell and *The Times's* Peter Bruns, has printed a mock-up of *The Sun* on its front page. Beneath the screamer "The Sun Ate Gonna Shine Any More", a story condemned the ban. "We thought it was a very

patronising move," said David Smith, the Editor.

What crisis?

AFTER shooting to the top of the league table of the nation's most notorious schools for scandal, The Ridings in Halifax has called in a group of PR wizards. Green PR and Marketing is now learning a short, sharp lesson in real crisis management. Talk about shutting the stable door after the horse has bolted.

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- Must have at least 5 years' experience in a marketing role in a 'professional services' environment, preferably with a major international engineering consultancy, or an engineering contractor.
- Preferably will have had at least 2 years' experience in co-ordinating a company's marketing effort in an international context, and should appreciate the practicalities of global marketing.
- Preferably will have experience and contacts with major international funding agencies, private financiers, contractors and operators.
- Should have experience of leading a team.
- Should be computer literate.

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■ VISUAL ART 1
Blast from the past: Wyndham Lewis and the other Vorticists are exhibited in Germany



■ VISUAL ART 2
... while in London the Photographers' Gallery offers a wide-ranging show of landscapes

THE TIMES ARTS



■ POP
Always polished and urbane — but Belinda Carlisle was at her best when touching on darker sentiments



■ TOMORROW
I Shot Andy Warhol, and all the other top new movies, reviewed by Geoff Brown

Warriors of the wasteland

VISUAL ART: Richard Cork sees the Vorticists finally given their due on the Continent. Plus London shows

With the unapologetic impact of a bomb, the Vorticist movement burst upon the world in the summer of 1914. Through the pages of its magazine *BLAST*, this young, impatient and irreverent group of London artists broadcast its rebellious cause. And the images reproduced in *BLAST* proved that British art had been transformed by a generation dedicated to extreme, urgent renewal.

The importance of their rebellion has increasingly been recognised in Britain over the past 25 years. But the rest of Europe is still reluctant to acknowledge their achievement. Only now has the first major Vorticist exhibition been mounted on the Continent, and the interest aroused there proves that the show is long overdue. Organised by Karin Orchard of the enterprising Sprengel-Museum in Hanover, and now in Munich's Haus der Kunst, the survey captures the vitality and daring of the Vorticists' advance.

Like the feisty young exponents of "Brikkart" today, the Vorticists were in a hurry. Most of them had only just left the Slade School, and the exuberant iconoclasm of *BLAST* is powered by disrespect for their elders. They wanted to blow away the inhibiting legacy of the Victorian era, and published a hilarious hit-list of past individuals and institutions. But they valued certain aspects of the past as well, extolling the dynamic inventiveness and drive that had made Britain the crucible of the Industrial Revolution.

Hence their determination to place the machine-age world at the heart of the work they produced. Like the Futurists, in Italy, the Vorticists believed that a new art in an emergent century should reflect the dramatically changing character of contemporary life. Unlike the

Futurists, though, they did not view modern existence with rhapsodic enthusiasm. For all its lean, clear-cut vivacity and often exhilarating colour, a typical Vorticist picture takes a hard, critical view of mechanised progress. Dehumanisation is often a key theme, and so is a violence that threatens to explode outwards and burst

and the outstanding force of his whiplash line gives the show a steady assurance from the outset.

A lifelong satirist, Lewis soon developed the robotic figures whose masklike faces and metallic musculature appear in many of his images. But he became fascinated by what he called the "urban jungle" of the machine-age city as well. He often placed his angular people in the context of a metropolis based on New York's vertiginous skyscrapers. Photographs of Manhattan by Alvin Langdon Coburn, whose later Vortographs showed how Vorticism could lead the camera towards abstraction, helped to shape Lewis's vision. If the Tate Gallery had lent either *Workshop* or *The Crowd*, Lewis's two surviving Vorticist oil paintings, his urban preoccupations would be even more clear. But the incisive drawings and watercolours displayed here have an arresting presence of their own.

None of the large canvases produced by the movement's other members still exists. But the related works on paper by Jessie Dismorr, Frederick Edwards, William Roberts, Helen Saunders and Edward Wadsworth provide a tense, brittle and powerfully organised idea of what their paintings looked like. Roberts's *Two Steps* is admirable, a brilliant little watercolour where frantically dancing figures appear to be caught up in the greater dynamism of the surrounding city. Wadsworth's woodcuts are superb, too, exploring the jagged forms of industrial buildings from his native Yorkshire.

While the Vorticists all shared the same pictorial language to a remarkably unified extent, each of them emerges here with a sharply defined individuality. Saunders is especially vital, returning time and again to gesticulating figures with claw-like fingers. Their energy

6 The exuberant iconoclasm of *BLAST* is powered by disrespect for their elders

through the very boundaries of the picture.

The exhibition starts with Wyndham Lewis. His tripartite role, as artist, theorist and editor of *BLAST*, is central to an understanding of the movement. A decade older than most of the Vorticists, he rallied them to the insurrectionary cause and wrote trenchant essays about its aims. He also drew copiously,

still within a choppy sea of thick white paint provides a wonderful form of display. Simon Linka, *Lisson Gallery*, 52-54 Bell Street, London NW15 (0171-724 2739) until Jan 11

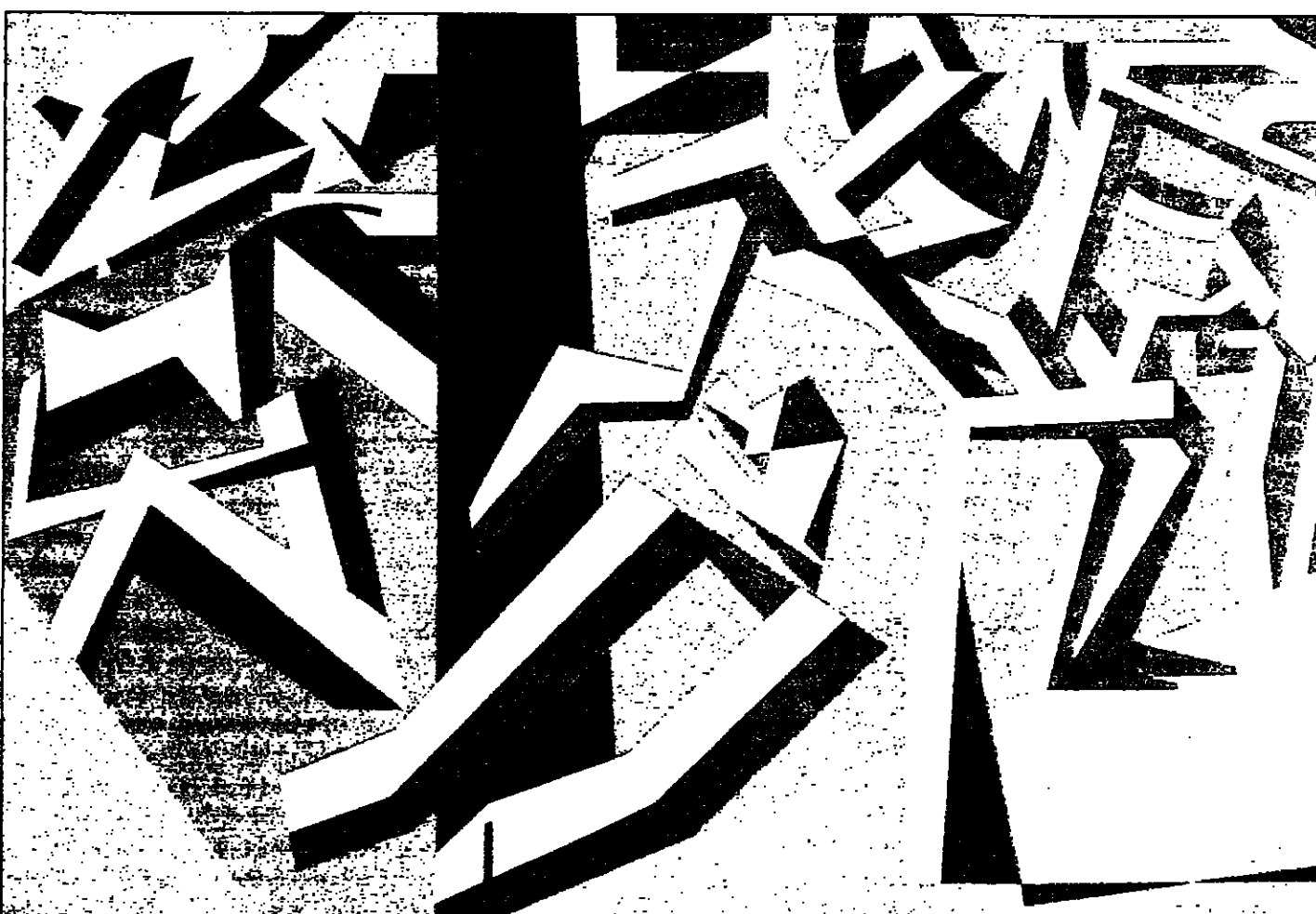
■ IT IS difficult to know where the definition of landscape photography begins and ends. Andrew Cross, the

organiser of this Photographers' Gallery exhibition, covers such a range of contemporary photographic practice that he wavers between celebrating the work on display and acknowledging that the concept may be dead. Distinctions between town and country may have disappeared, along with the expectation of visual or emotional

release. Stefan Geer's view of an air base, taken from the undercarriage of a carrier pigeon, carries with it a hidden personal history, while the elaborately hung series of photographs by Joseph Bartscherer replaces documentary overview with close-up form. The show also includes excellent pictures of railroads by James Welling, interesting glimpses of cities and mountains seen through the grainy grid of the television screen by Martin Cole, views from on high of winding roads and swimming pools on the edge of Beverly Hills by Catherine Opie, and overblown prints by Axel Hutter. Photographers' Gallery, 8 Great Newport Street, London WC2 (0171-831 1772) until Jan 11

WITH Weight, Maria Chevka makes an awkward and somewhat tentative transition from two to three dimensions. A selection of shallow, long, thin panels hangs on the walls at varying levels. Some have cotton quilting stretched across them, while others are covered with an almost translucent membrane of material. The effect is slight, light, muted and dry; paint and varnish seep at times through the diamond quilted fabric to leave a crisscross of back-to-front staining. In other sections ground graphite or white paint has been applied to provide a more substantial surface. Two earlier paintings, also on show, make a stronger play between their own transparent surface and the solid drawn elements embedded inside. Weight, 33 Great Sutton Street, London EC1 (0171-251 6265) until Dec 7

THREE sections of simple builder's material lie flat, slightly raised, on sections of timber. A length of white tape runs along one side on the floor — and that, except for a triangle on the floor made from white and black electrical tape, is it. The floor has been cleaned but nothing has really been changed. Alison Penton's work is so subtle that it hardly seems there at all; its success lies in its relation to the space around it, the overall stance of the gallery, the powerful line of lights that shine from above. Alison Penton, Eagle Gallery, 159 Farringdon Road, London EC1 (0171-833 2674), until Saturday



David Bomberg's *The Mud Bath* (1914). "whose title so uncannily prophesied the churned, shell-torn landscape of wartime France"

often seems empowered by anguish, and she favours acid yellows and lines which sharpen her distinctive designs. The mysterious Lawrence Atkinson is more subdued, isolating his structures against empty space so that they appear to prophesy his later decision to concentrate on carved, abstract sculpture.

Two sculptors were associated with the movement. Like Ezra Pound, who first thought of the vortex idea and gave the movement its name, both were foreigners. Perhaps Jacob Epstein and Henri Gaudier-Brzeska, from America and France respectively, derived some of their appetite for renewal from their vantage as outsiders. At any rate, they opened British sculpture up to a revolutionary range of possibilities.

Gaudier, the younger and more eclectic of the two, is presented here as the maker of small, fluent, unpredictable and astonishingly

precocious carvings. Whether working in marble, brass, alabaster or Portland stone, he is ever-resourceful and impossible to pin down. Epstein seems sturdier, more slow-moving. While Gaudier threw himself into polemical Vorticist activities with zeal, the older man insisted on remaining at a remove from the group.

Even so, Epstein's prodigious *Rock Drill* makes absolute sense within this exhibition. The first version, where a white plaster drill is mounted on a real machine, sums up the Vorticist vision of mechanised humanity. It also displays, through the brazenly phallic drill, Epstein's determination to break through sexual taboos at every opportunity. But he became dissatisfied with this titanic sculpture, represented here by a reconstruction that conveys much of the original work's baleful, looming authority. Soon after it was exhibited in 1915, Epstein

discarded the drill, lopped off the drill's legs and dispensed with his right forearm and left hand. The once-superhuman robot is turned into a tragic torso, incapable of defending either himself or the embryonic form lodged so surprisingly within his exposed ribcage. Why had Epstein done it? Leaving aside his probable qualms about incorporating a "found" drill in a work of art, I believe that the First World War played a decisive role. The final *Rock Drill* bronze is akin to a wounded man, one of the many whose lives were smashed in the carnage on the Western Front.

Ultimately, the war wrecked Vorticism, too. In 1915 Gaudier was killed in the trenches at the age of 23. Soon enough, most of the other male Vorticists enlisted for active service. Even David Bomberg, a reluctant soldier, felt impelled to join the army. Although he had never been a member of the *BLAST* group, his best work looks at home

in the exhibition. And his 1914 painting *The Mud Bath*, whose title so uncannily prophesied the churned, shell-torn landscape of wartime France, provides the show with one of its climactic moments. The metallic figures hurling themselves around this clangorous canvas are hard-edged embodiments of the dynamism cherished by Lewis and his allies.

Pound claimed that the vortex was "the point of maximum energy", and continued to champion the movement throughout the long years of war. By 1918, however, it was all over. The destruction wrought by machine-age weapons had changed the Vorticists' vision. They were themselves blasted, but not before their harsh, audacious and challenging work had pushed British art into a fierce engagement with the modern age.

● *BLAST: The First Avant-Garde in England* is at the Haus der Kunst, Munich (0049 89 2127115) until Jan 26

A WEEK IN SILVER

A daily guide to the new Silver Galleries at the Victoria and Albert Museum, which open today



Thistle bowl

THIS exquisite modern work was created by Gerald Benney four years ago out of crimson enamel and textured silver. Benney, born in 1930, is one of the country's leading silversmiths, and introduced enamelling into the contemporary British silversmith's repertoire. Among his most important commissions have been items for St Paul's Cathedral, Coventry Cathedral and 10 Downing Street, as well as a gold mask for the Queen. The *Thistle Bowl* is on loan to the V&A as part of *Treasures of Today*, a display by the Worshipful Company of Goldsmiths.

● The Silver Galleries, Victoria and Albert Museum, Cromwell Road, London SW7 (0171-938 8441)

TOMORROW: The 15th-century Merode Cup

Light and shaded

POP

Belinda Carlisle
UEA, Norwich

TEN years after the demise of her first band, the Go-Gos, amid tales of acrimony and excess, and six years after her last tour, Belinda Carlisle is about to venture out with pop's other self-styled survivor, Tina Turner. But before taking on Britain's stadium venues, Carlisle warmed up in a more intimate setting.

Not that anyone would have known this was a first night. With her full-length dress and looks that combine the Duchesses of York with Bianca from *EastEnders*, Carlisle played the affable host while delivering a thoroughly polished performance. Her five-piece band and two backing singers were a match for her efficient professionalism. With the self-effacing assurance of a Jeeves, she delivered flashes of musical colour to order.

The show exhumed her now considerable back catalogue of hits. She opened with *Big Scarf Animal*, followed with another chart success, *I Get Weak*, and then launched into *Always Breaking My Heart*, from her new album *A Man and a Woman*. Each boasted the same smooth harmonies and big choruses, and each was topped off with the warm burr of her voice.

In an hour-long set, she crammed in another handful

of hits, and left her most famous, *Heaven is a Place on Earth*, for the encore. From the lazy shuffle of *Love in the Key of C* to the gospel soul of *Live Your Life Be Free*, the songs recall the solid, reassuring familiarity of 1960s pop, spiced with a touch of rock romanticism.

But the best, most intriguing moments were provided by the less familiar choices. *California*, her favourite track from the new album, struck a mildly sinister tone. It is a kind of bitter Beach Boys tune, which deals with regret and relief at leaving LA and "the sharks and the Chardonnay". As on another personal selection, *Too Much Water*, from her 1993 album *Real*, she pushed her voice harder, letting it crack against the melody. For a moment the bright sheen of her performance and the solid virtues of her songs fractured, to reveal the under-tow pulling against the smooth current.

JOHN STREET

AN EXCLUSIVE OFFER THE TIMES



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These 10 day after the 10th of the Christmas Collection of traditional carols and hymns, recorded with the BBC's finest choral and instrumental ensembles, are available for a special offer of £1.98 each. The collection includes:

- 1. O Come All Ye Faithful
- 2. Ding Dong Merrily On High
- 3. In the Bleak Midwinter
- 4. I Saw Three Ships
- 5. Silent Night
- 6. Once in Royal David's City
- 7. In Dulce Jubilo
- 8. Sussex Carol
- 9. The First Noel
- 10. Goda King Wenceslas
- 11. Coventry Carol
- 12. The Holly and the Ivy
- 13. Rocking
- 14. Hark the Herald Angels Sing
- 15. Carols from Westminster

The order form and details of the offer are available on the back of the CD case. To receive your CDs before Christmas, please return this form to:

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CHANGING TIMES

The Oedipus Plays

Oedipus the King and Oedipus at Colonus

by Sophocles in a new translation by E. V. Rieu



"Peter Hall has reached as close to the heart of these plays as I ever expect to be taken" *The Times*

"Alan Howard is a magnificent imperious Oedipus" *Time Out*

"One of the great acting companies of the world" *Spectator*

"A mesmerising chorus" *Independent on Sunday*

"A memorable production" *Independent*

"A TRIUMPH" *Observer*

FINAL 5 PERFORMANCES

NT Royal National Theatre

Older Theatre: Today, tomorrow, Fri 29 Nov at 7.00pm, Sat 30 Nov at 1.30pm & 7.00pm.

SACHA CRADDOCK



CHOICE 1

Griff Rhys Jones stars in Ben Travers's farce, *Plunder*

VENUE: In preview at the Savoy Theatre



CHOICE 2

Paul Daniel steers the RLPO through Wagner, Britten and Sibelius

VENUE: Philharmonia Hall, Liverpool, tonight

THE TIMES ARTS

THEATRE

A trio of top performers makes Adrian Noble's staging of *The Cherry Orchard* one to cherish



MUSIC

Maurizio Pollini is in superb form and provocative mood as he opens his cycle of Beethoven sonatas

LONDON

IN THE HOUSE OF CROSSED DESIRES: Told in the tradition of commedia dell'arte, *Muscle Theatre* presents a one-off performance of John Wood's opera of magical transformations and mistaken identities. With a libretto by Marina Warner, Queen Elizabeth Hall, South Bank, SE1 (0171-860 4242). Tonight, 7.45pm.

PLUNDER: Second time lucky for Griff Rhys Jones in Ben Travers's farce at the Savoy (the night before he was due to open in *Thank the place burnt down*). Kevin McNally and Sara Croucher are also in the cast. Peter James directs. Savoy, Strand, WC2 (0171-836 8888). Preview: tonight, 7.30pm. Opens: December 2, 7pm. Then Mon-Sat, 7.30pm; mat. Thurs and Sat, 2.30pm. Until February 15.

SILVER SERVICE: The new Silver Galleries open today at the Victoria and Albert Museum. Originally built to house ceramics, the highly ornate Victorian galleries have been refurbished to provide an optimum setting for the national collection of English silver. More than 1,500 pieces will illustrate the history, beauty and versatility of the precious metal. See box, page 39.

THE BELLE VUE: Greed and rage in a curious 1930s hotel: tell early comedy by Odon von Horvath, never seen before in Britain, and presented by Actors Touring Company. Nick Philippou directs a cast headed by Ann Friel. First week, Lyric Theatre, King Street, Hammersmith, W6 (0181-741 2311). Mon-Sat, 8pm; mat. Sat, 4.30pm.

BLIND BY THE SUN: *Francis de la Tour*, Duncan Bell and Douglas Hodge play scientists involved in a case of scientific fraud. Ron Davies directs Stephen Poliakoff's new play. National (Cottesloe), South Bank, SE1 (0171-428 2252). Tonight and tomorrow, 7.30pm; mat. Thurs, 2.30pm. In rep. 6.

CASH ON DELIVERY: Bradley Walsh in his first leading West End role in farcical comic about benefit fraud, written by Michael Coney. Whitehall, Whitehall, SW1 (0171-368 1725). Mon-Fri, 8pm; Sat, 5.30pm and 8.30pm; mat. Wed, 3pm.

A DOLL'S HOUSE: Janet McTeer stars in the door in Anthony Page's production of Ibsen's proto-feminist drama. Owen Teale plays her husband, Peter. Northumberland Ave, WC2 (0171-836 4401). Mon-Sat, 7.30pm; mat. Sat, 2.30pm.

AMERICAN BUFFALO (15): A powerful adaptation of David Mamet's play about small-time hustlers, with Dustin Hoffman and Dennis Franz. Director, Michael Coney. Metro (0171-437 0757).

GABRIEL: Beautiful, poetic Iranian film about nomadic carpet weavers. Director, Mohsen Makhmalbaf. ICA (0171-439 3847).

KANSAS CITY (15): Too much wit and wit in Robert Altman's tale of crime and jazz in 1930s Kansas City. With Jamie Lee Jones, Miranda Richardson, Harry Belafonte. ABC Shakespearean Avenue (0171-836 3223). Chelsea (0171-351 3742).

MR RELIABLE (15): Peter Onyiah becomes a looker in the 1960s Sydney. Engaging Aussie comedy with Colin Friess and Jacqueline McKenzie. ABC Tottenham Court Road (0171-636 6148). Berwick (0171-438 8891).

THE PRINCE OF THE PAGOONAS: A comedy about a man who is a prince in one country and a pauper in another. Director, Michael Coney. Metro (0171-437 0757).

THE FIRST WIVES CLUB (PG): Comedy about four wives who form a club to help each other. Director, Michael Coney. Metro (0171-437 0757).

THE ISLAND OF DR MOREAU (12): A sci-fi, post-apocalyptic adaptation of H.G. Wells's tale, with Robin Swicord, Jeff Bridges and David Thewlis. Director, Michael Coney. Metro (0171-437 0757).

THE SUNCHASER (15): A teenage criminal and upstart doctor embark on a journey of discovery. With Woody from the animated film. Director, Michael Coney. Metro (0171-437 0757).

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TODAY'S CHOICE

A daily guide to arts and entertainment compiled by Gillian Mackay

ELSEWHERE

GLASGOW: Direct from the West End, Communicado Theatre Company presents its celebrated production of *Edmond Rostand's* romantic comedy, *Cyrano de Bergerac*. Tom Manton plays the swordsmith and poet, whose love for Roxane is impeded by his pugnacious nose. Directed by Gerry Mulgan, translated by Edwin Morgan. Theatre Royal, Hope Street (0141-332 0000). Tonight, Sat, 7.15pm.

HUDDESFIELD: Elton makes his debut concert appearance in Britain at the Huddersfield Contemporary Music Festival. Sandro Costa will conduct the 16-piece Australian ensemble in the British premiere of Alessandro Mendini's *Terra Incognita*. Adam Yee's *Yashar ya Hazzu* par poem and Richard Barrett's five-movement cycle, *Negative*. St Paul's Hall (01484 430528). Tonight, 7.30pm.

LIVERPOOL: Paul Daniel conducts the Royal Liverpool Philharmonic.

THEATRE GUIDE

Jeremy Haines's assessment of theatre showing in London

House full, returns only

Seats at all prices

CINEMA GUIDE

Geoff Brown's assessment of films in London and elsewhere

On release across the country

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Bring on the superlatives

When Stanislavsky directed Chekhov's greatest play at the Moscow Art Theatre, the sets were wholly naturalistic and pretty elaborate. The surviving photos variously show towering windows through which muslin curtains can be seen cherry trees covered with white blossoms, hay fields running to the horizon, and glimpses of the many merits of Adrian Noble's revival is to demonstrate how much less visual ado is needed for us to feel that an old, aristocratic Russia is dying, a new, entrepreneurial Russia replacing it, and the Russia of 1917 stirring in the cradle.

Indeed, Richard Hudson's set is spectacularly unspectacular. It consists of three walls of greyish curtains with pleats that create an impression of squiggly corrugated iron. In front of them a little basic furniture comes and goes, while through them you can discern characters wandering in mid-air without visible means of support, which, economically speaking, most of them are. It is left to Alec McCowen, Penelope Wilton and David Troughton to bring reality and depth to the shifts of status and power on the debt-ridden Ranyevsky estate.

This all three performers do, even more successfully than when the revival opened in Stratford last year. With the help of puckering of the eyes and complacent smiles and fussy fiddlings with the moustache and a hilarious yet unemphatic primness of mien, McCowen suggests the ineffectiveness of Gaev, the genteel capon

The Cherry Orchard

Albery

decahlon. But his force is combined with judgment and, at times, delicacy. When his Lopakhin drunkenly announces he has bought the estate where his father worked as a serf, he barges and clatters about like a bull in a china shop packed with frozen, staring figurines. But he doesn't let you miss the confused affections behind the class rage, or the incongruous grief behind the boresness.

Not every performance has improved since Stratford — hasn't the admirable Kate Duchene's Varya become too emotionally detached? — nor do all the newcomers add to the production's quality. But it has clarity and it has humour. It lets you see characters from the outside and feel them from the inside. It manages mood-swings and switches of feeling expertly. If you want to introduce someone to Chekhov, this is the production to choose.

BENEDICT NIGHTINGALE



In photography as in art, a fuzzy Gaev (Alec McCowen) hovers over Varya (Kate Duchene) and Liuba (Penelope Wilton) in *The Cherry Orchard*

Goodnight Vienna

Haydn-Mozart tradition, but much more as a precursor of the later, mature Beethoven, firmly projecting the austere toughness and fibre that was to become so characteristic of the composer. Even the earliest sonata, Op. 2 No. 1, was given a forceful, big-scale treatment, emphasising its tautness of structure more than its lyrical invention.

The Italian-born pianist soon emphatically disproved Bach's one-time comment that he thought the new-fangled

By the time Beethoven arrived at his E-flat Sonata, Op. 7, two years later he was the talk of Vienna as a brilliant pianist, whatever they thought of him as a composer.

Rollins lacked nothing in brilliance or skill, and he had become a touch more relaxed in his approach, transporting us to a different, perhaps more intimate, world. The music was becoming increasingly gentle and more expressive when this was required. What he will make of the remaining sonatas is as enigmatic a prospect as his technical command is assured.

NOEL GOODWIN

Maurizio Pollini Festival Hall

piano was "fit only for rondos", with voluble fingerwork across the full range of a modern keyboard, sometimes rising clear of the piano stool to give added weight to a particular chord. Yet at the same time he allowed subdi-

ART GALLERIES

FINE PAINTINGS AT GOOD PRICES. BRITISH & RUSSIAN ART. ROY MILLS GALLERY 29 Bruton Street, W1

LEVERHULME GALLERY 91 Bruton St. W1 0171 439 2107. A Memorial Exhibition. "Tales with Teddy" Minton-Dale. 7.27 Nov Mon-Fri 10-5

PAINTINGS BY DAVID DIMS STUDIO EXHIBITION 01923 881880.

PARKIN GALLERY 20 Nov-30 Dec WRITER EXHIBITION Modern British Times begins 11 Mon-Fri 3-5 PM 0171 225 8144

OPERA & BALLET

COLISEUM 0171 632 8300 (24hr) ENGLISH NATIONAL OPERA. Tonight 8.00 DIE SOLDATEN

ROYAL OPERA HOUSE 0171 304 4000 for Box Office & Standby info. Tickets available on the day

The Royal Opera. Ton-Fri 7.30pm. Sat 7.30pm. Sun 2.30pm. The Royal Opera. Ton-Fri 7.30pm. Sat 7.30pm. Sun 2.30pm.

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THEATRES

ALBERT THEATRE 0171 369 1720 cc 0171 344 4444. The Royal Shakespeare Company production of

THE CHERRY ORCHARD "Adrian Noble's glorious production" Independent. Even 7.30 Mon-Fri & Sat 3.00

OPERA & BALLET

GIACOMO PUCCINI

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THEATRES

ADOLPH "ANDREW LLOYD WEBBER'S

"SUNSET" "The perfect West End play" Independent

VENUE: In preview at the Savoy Theatre

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THE CHERRY ORCHARD

Adrian Noble's glorious production

Independent

PANTOMIME

From the majestic Patricia Routledge in Guildford for *Snow White and the Seven Dwarfs*...

PANTOMIME

... and the indestructible Lionel Blair in *Aladdin* at the Sheffield Lyceum...

THE TIMES ARTS

PANTOMIME

... to Una Stubbs playing *Peter Pan* in Leeds at the West Yorkshire Playhouse...

PANTOMIME

... and Danny La Rue in Sheffield's *Aladdin*: we survey Britain's Christmas entertainments

The panto guide (oh yes it is!)

From *Snow White* to *Sooty*: the pick of Christmas shows around the country



Humbugs all round: Richard Briers as Ebenezer Scrooge in *A Christmas Carol* at the Lyric Theatre, Hammersmith

Albany Centre Theatre (0181-692 4446)
Jack and the Beanstalk
Nov 23-Jan 4
Barbican Theatre (0171-638 8891)
Hansel & Gretel
Dec 27-29
Bloomsbury Theatre (0171-388 8822)
Snow on Christmas
Dec 20-23, 27-30, Jan 2-4
Chickenshed Theatre (0181-449 1171)
Artful - The Knight before Christmas
Dec 5-Jan 4
Drill Hall (0171-437 8270)
Dick Daredent
Dec 3-Jan 18
Donation Theatre (0171-416 6052)
Scrooge - The Musical
Nov 12-Feb 1
Hackney Empire (0181-985 2424)
Goldilocks and The Three Bears
Dec 12-Jan 5
Levensham Theatre (0181-490 0082)
Peter Pan
Dec 20-Jan 19
Lyric Theatre, Hammersmith (0181-741 2311)
A Christmas Carol
Dec 12-Jan 18
Milfield Theatre, Edmonston (0181-807 6680)
Aladdin
Dec 5-Jan 4
North Hants Civic Centre (0171-752 3232)
Aladdin
Dec 17-Jan 1
Players Theatre (0171-839 1134)
Robin Hood
Dec 4-Feb 16
Peacock Theatre (0171-514 8800)
Cinderella
Dec 16-Jan 4
Riverside Studios (0181-741 2255)
Beauty and The Beast
Dec 16-18
St Helen's Church Hall (0171-229 8364)
Aladdin or A Lad in Trouble
Dec 10-14
Southern Playhouse (0171-620 3494)
Aladdin
Dec 10-14
Theatre Royal Stratford East (0181-534 0310)
Beauty and The Beast
Dec 2-Jan 25
Unicorn Theatre for Children (0171-636 3334)
Pinocchio
Nov 16-Jan 18
Young Vic Theatre (0171-428 8363)
Beauty and The Beast
Nov 14-Feb 1
Wimbledon Studio Theatre (0181-540 0362)
Christmas Wishes
Dec 9-15
Wimbledon Theatre (0181-540 0362)
Robin Hood and the Babes in the Woods
Dec 14-Jan 26
Wimbledon Polka Children's Theatre (0181-543 4888)
The Wizard of Oz
Nov 21-Feb 8

ASHTON UNDER LYNE
Tameside Hippodrome (0161-308 3223)
Dick Whittington
Dec 20-Jan 12
AYLESBURY
Limelight Theatre (01296 431272)
A Christmas Carol
Dec 20-31
BAGNOR, NEWBURY
Watermill Theatre (01635 46044)
Peter Pan
Dec 6-Jan 11
BARNSTAPLE
Queen's Theatre (01271 24242)
Aladdin
Dec 20-Jan 11
BARROW IN FURNESS
Forum 28 (01228 820000)
Jack and the Beanstalk
Dec 23, 24, 27-30, Jan 2, 3
BARNSELY
Civic Theatre (01226 206757)
Jack and The Beanstalk
Dec 15-Jan 5
BASILDON
Towngate Theatre (01268 531343)
Sleeping Beauty
Dec 17-30
BASINGSTOKE
Haymarket Theatre (01256 465566)
Aspects of Love
Dec 6-Jan 11
BATH
Theatre Royal (01225 448844)
Cinderella
Dec 19-Jan 26
The Rondo (01225 332579)
Jan 15-19
BERWICK UPON TYNE
The Maltings (01293 330999)
The Snow Queen
Dec 30-Jan 4
BEKHILL ON SEA
De La Warr Pavilion (01424 787409)
Cinderella
Dec 20-Jan 4
BILLINGHAM
Forum (01642 552663)
Cinderella
Dec 13-Jan 11
BIRMINGHAM
Alexandra Theatre (0121-643 1231)
The Phantom of the Opera on Ice
Dec 18-Jan 5
Crescent Theatre (0121-643 8853)
A Christmas Carol
Dec 7-14, 28-30, Jan 4-11
Hippodrome (0121-622 7488)
Mother Goose
Dec 19-Feb 15
Midland Arts Centre (0121-440 2833)
Beauty and The Beast
Nov 30-Jan 4
Old Rep Theatre (0121-616 1514)
The BFG
Dec 4-Jan 18

Warwick Arts Centre (01925 524524)
The Amazing Tale of Good King Wenceslas
Dec 29-Jan 11
BURY ST EDMUNDS
Theatre Royal (01284 709505)
Cinderella
Dec 6-Jan 11
BUXTON
Opera House (01298 72190)
Cinderella
Dec 19 - Jan 4
CAMBERLEY
Arts Link (01723 23738)
Jack and The Beanstalk
Dec 12-Jan 5
CAMBRIDGE
Arts Theatre (01223 503333)
Dick Whittington And His Cat
Dec 19-Jan 18
Corn Exchange (01223 357851)
Peter Pan
Dec 19-Jan 12
CANNOCK
Prince of Wales Centre (01545 58162)
Aladdin
Dec 20-Jan 4
CANTERBURY
Marlowe Theatre (01227 787787)
Cinderella
Dec 13-Jan 12
CARLISLE
Sands Theatre (01228 25222)
Jack and The Beanstalk
Dec 18-30
CHATHAM
Central Theatre (01634 403865)
Aladdin
Dec 13-Jan 5
Midway Arts Centre (01634 409965)
Snow White
Dec 12-14
CHILMARK
Civic Theatre (01245 498028)
Dick Whittington
Dec 14-Jan 4
CHILTERNHAM
Everyman Theatre (01242 572573)
The Adventures of Robin Hood
Dec 6-Jan 18
CHESTER
Gateway Theatre (01244 340392)
Beauty and The Beast
Nov 30-Jan 11
CHESTERFIELD
Pomegranate Theatre (01246 345222)
Beauty and The Beast
Dec 21-Jan 11
CHICHESTER
Festival Theatre (01243 781312)
Cinderella
Dec 12-Jan 11
CHIPPING NORTON
The Theatre (01608 642358)
Sleeping Beauty
Dec 5-Jan 11
COLCHESTER
Mercury Theatre (01206 573948)
Dick Whittington
Dec 6-Jan 11
COVENTRY
Belgrade Theatre (01203 559055)
Aladdin
Dec 3-Jan 25

HASTINGS
White Rock Theatre (01323 524524)
The Amazing Tale of Good King Wenceslas
Dec 21-Jan 11
HAYES
The Beck Theatre (0181-561 8377)
Babes In The Woods
Dec 21-Jan 18
HAYWARDS HEATH
Clair Hall (01444 455440)
Babes in the Wood
Jan 7-11
HEXHAM
Queen's Hall (01434 607272)
A Visit From St Nicholas
Dec 10-14
HIGH WYCOMBE
Wycombe Swan (01494 512000)
Peter Pan
Dec 13-Jan 11
HODDERSDON
Broxburn Civic Hall (01924 41944)
Sleeping Beauty
Dec 28-Jan 4
HORNCHURCH
Queens Theatre (01708 443333)
Snow White
Nov 28-Jan 4
HULL
Nov 30-Jan 18
HORSHAM
Arts Centre (01403 268689)
Dick Whittington
Dec 14-Jan 18
HUDDESFIELD
Laurence Badley Theatre (01484 430528)
The Pied Piper
Dec 12-Jan 4
HULL
New Theatre (01482 226655)
Babes In The Wood
Dec 14-Jan 18
IPSWICH
Wolsey Theatre (01473 253729)
The Secret Garden
Dec 10-Jan 18
KIDDERMINSTER
The Rose (01562 743745)
The Tinker Boy
Dec 7-14
LANCASTER
Duke's Theatre (01524 66645)
Snow Queen
Dec 5-Jan 4
LEATHERHEAD
Thorncliffe Theatre (01372 371677)
Joseph And The Amazing Technicolor Dreamcoat
Dec 17-Jan 18
LEEDS
Civic Theatre (0113 245505)
Cinderella
Dec 7-Jan 4
City Varieties Music Hall (0115-245 0808)
Babes In The Wood
Dec 12-Jan 12
Grand Theatre & Opera House (0113-245 9351)
A Christmas Carol
Dec 3-7
West Yorkshire Playhouse (0113-244 2111)
Peter Pan
Nov 25-Jan 18

SEVENOAKS
Stag Theatre (01732 450175)
Wind in the Willows
Dec 18-Jan 4
SHEFFIELD
Lyceum Theatre (0114-276 9922)
Aladdin
Dec 19-Jan 26
Crucible Studio (0114-276 9922)
Beauty and The Beast
Dec 4-Jan 4
SHREWSBURY
Music Hall (01743 350763)
Beauty and The Beast
Dec 14-Jan 4
SOUTHAMPTON
Mayflower Theatre (01703 718111)
Snow White And The Seven Dwarfs
Dec 20-Feb 9
Nuffield Theatre (01703 671771)
Peter Pan
Dec 14-Jan 18
SOUTHEND
Citrus Pavilion (01702 351155)
Snow White And The Seven Dwarfs
Dec 13-Jan 11
SOUTHPORT
Southport Theatre (01704 540404)
Cinderella
Dec 20-Jan 19
SOUTHSEA
King's Theatre (01705 828282)
Aladdin
Dec 12-Jan 11
STEVENAGE
Gordon Craig (01438 766866)
Sleeping Beauty
Dec 6-Jan 25
STOCKPORT
Davenport Theatre (0161-483 3801)
Aladdin And His Wonderful Lamp
Dec 21-Jan 19
SUNDERLAND
Empire Theatre (0191-514 2517)
Babes in the Woods and the Adventures of Robin Hood
Dec 17-Jan 11
SWINDON
Wyvern Theatre (01793 524481)
Cinderella
Dec 20-Jan 18
TEWKESBURY
The Roses (01684 295074)
Beauty and The Beast
Dec 13-Jan 4
TUNBRIDGE WELLS
Assembly Hall (01892 530613)
Peter Pan
Dec 19-Jan 5
WAKEFIELD
Theatre Royal & Opera House (01924 211311)
Aladdin
Dec 3-Jan 5
WATFORD
Palace Theatre (01923 225671)
Puss In Boots
Dec 7-Jan 11
WELLS
St John's Church (01323 270007)
The Adventures of Mr Toad
Dec 5-28
WESTON SUPER MARE
Playhouse Theatre (01934 645544)
Jack And The Beanstalk
Dec 19-Jan 19
WEXMOUTH
Pavilion (01305 783225)
Jack And The Beanstalk
Dec 26-Jan 5
WOLVERHAMPTON
Theatre Royal (01902 29212)
Peter Pan
Dec 14-Feb 9
WORCESTER
Swan Theatre (01905 27322)
Peter Pan
Dec 19-Jan 4
YEOVIL
Octagon Theatre (01935 422884)
Jack And The Beanstalk
Dec 14-Jan 4
YORK
Grand Opera House (01904 181818)
Robin Hood and the Babes in the Wood
Dec 14-Jan 12
Theatre Royal (01904 623568)
Mother Goose
Dec 10-Jan 25

SCOTLAND

ABERDEEN
Arts Centre (01224 635008)
Dick Whittington
Dec 4-23
HIS Majesty's Theatre (01224 641122)
Cinderella
Dec 6-Jan 4
AYR
Gaiety Theatre (01292 611222)
Peter Pan
Nov 29-Jan 18
CUMBERNAULD
Carnegie Theatre (01236 732857)
The Pied Piper of Hamelin
Nov 28-Dec 28
DUNDEE
Reputory Theatre (01382 223530)
The Wizard of Oz
Nov 29-Jan 11
EDINBURGH
King's Theatre (0131-220 4349)
Cinderella
Dec 12-Jan 25
Royal Lyceum Theatre (0131-229 9657)
The Sleeping Beauty
Dec 6-Jan 4
GLASGOW
Citizens Theatre (0141-429 0022)
The Wizard Of Oz
Dec 3-Jan 18
King's Theatre (0141-287 5511)
Cinderella
Dec 6-Jan 18
Mitchell Theatre (0141-227 5511)
The Nightingale
Dec 16-21
Pavilion (0141-332 1846)
Cinderella
Dec 3-Jan 25
GLENROTHES
Roths Halls (01592 611101)
Scrooge
Dec 9-14
GREENOCK
Arts Centre (01475 720338)
Beauty and the Beast
Dec 6-21
INVERNESS
Eden Court Theatre (0463 221718)
Aladdin
Dec 5-Jan 4

IRELAND

BELFAST
Civic Arts Theatre (01232 316901)
Cinderella
Nov 28-Jan 18
Grand Opera House (01232 241919)
Mother Goose
Dec 6-Jan 18
LYRIC Theatre (01232 381081)
There Was An Old Woman
Nov 29-Jan 11
Group Theatre (01232 329685)
Jack and the Beanstalk
Dec 16-21
The Other Cinderella
Dec 28-Jan 4
The Spire Centre (01232 236244)
Sleeping Beauty
Dec 10-Jan 3
CORK
Opera House (021 270022)
Cinderella
Dec 19-Jan 12
Everyman Palace Theatre (021 501673)
Red Riding Hood
Dec 20-Jan 19
DERRY
Rialto (01504 260516)
Mother Goose
Dec 4-20
DUBLIN
Gaiety (01 677171)
Sinbad
Dec 15-Feb 15
Olympia (01 677744)
Santa's Great Christmas Adventure
Dec 16-Jan 4
**Pirates of Penzance
Nov 27-Jan 4
The Ark (01 6707788)
The Great Christmas Carol
Kidnap
Dec 17-Jan 5
The Point (01 8363633)
Sleeping Beauty Sort Of
Jan 3-9
ENNISKILLEN
Ardenmore (046 325440)
Wizard of Oz
Dec 16-21
GALWAY
Town Hall Theatre (091 569777)
Little Red Riding Hood
Jan 2-12
An Taibheadh (091 563600)
Dinghies (Tickles)
Dec 9-14
**Attami Christmas
Dec 16-21
KILKENNY
Watergate Theatre (056 61674)
Jack and the Beanstalk
Jan 12-19
LIMERICK
Bellahy Arts Centre (061 319866)
Jack and the Beanstalk
Jan 2-12****

SPAIN

EQUUS

As the Spanish Premier arrives in London, Tunku Varadarajan, our Madrid correspondent, introduces a special report on changing Spain

How Aznar's concessions ensure unity

THE POLITICAL SCENE

For his many critics at home, José María Aznar, the Spanish Prime Minister, has made a facile target. His stern Castilian manner is not designed to win hearts. He is an awkward speaker, his body language gawky, his moustache faintly comical. In contrast to Felipe González, his Socialist predecessor, he has neither a winning wit, nor a demotic fluency.

Yet in his unembellished way, he can take quiet satisfaction from the way he has survived the many battles of his first seven months in office. As Prime Minister of the first right-wing Government to be elected in Spain since General Franco's death, he has had to contend with a bedrock of suspicion in a country still fearful of *la derecha* (the Right). That suspicion is not confined to Socialist voters, but extends historically even to the far-from-radical middle classes of Catalonia and the Basque country.

The results of the general election in March this year were the product of this fear of the Right, on which the Socialists played skillfully in their election campaign. "The Right is coming to get you," rasped Señor González to the accompaniment of video projections of fierce Doberman pinchers. As a result, Señor Aznar's Popular Party (PP) won fewer seats than it ought to have, given the record of Señor González's last years in office.

On reflection, however, this was not a bad outcome for Spain. Having 20 MPs short of a majority, the PP was forced to court Spain's Catalan and Basque nationalists (as well as the Canary Islands Coalition), ensuring that the "dinosaurs" on the right of the party — Castilian centralisers with no stomach for such subversive

ideas as regional autonomy — were firmly sidelined.

Inevitably, the Government has had to pay a price for this support, particularly to the Catalans. By making a fresh demand almost every week, Jordi Pujol, the Catalan leader, has squeezed a successful series of economic concessions in exchange for promises not to topple Señor Aznar.

Prosperous Catalonia can now keep 30 per cent of the taxes raised on its soil, as opposed to the previous limit of 15 per cent. Although Señor Pujol's appetite for more concessions seems insatiable, the Government has defended its treatment of Catalonia as a way of inoculating Spain against political

divisions such as those witnessed in Italy.

But concessions to Catalonia have outraged sections of the opposition, particularly the socialist leaders of Spain's less prosperous regions. Señor Pujol has been addressed in a variety of unflattering ways. "Leech", "mercantilist" and "egotistical" are only a few examples. In a signed column last week, the feisty Pedro J. Ramírez, Editor of *El Mundo*, accused the Catalan premier of "tax meter nationalism", because "the meter of his demands never stops ticking".

In a letter published in *El País*, José Bono, the Socialist premier of

Castilla-La Mancha, exhorted Señor Pujol to show more solidarity with the poorer regions, saying he was sowing anti-Catalan sentiments in the rest of Spain.

But although the Aznar Government is, to a large extent, a hostage to nationalist demands, there is another long-term analysis which must be emphasised. The alliance with the nationalists has not only had a civilising effect on the Castilian Right, it is also beginning to remould the face of Spanish politics.

As one national newspaper put it last week, the partnership between the PP and the basically Christian Democrat Catalan and Basque nationalist parties "has opened up

an historic opportunity for Spain's central and regional bourgeoisie to come together for the first time". The Basque and Catalan middle classes can comfortably be the natural partners of the PP, so long as the fragile autonomy questions are handled with care.

Proof of this arrived last week with the announcement by the Catalan nationalists that they proposed to support Señor Aznar's Government until 2000, when the next elections are scheduled to be held.

Arguments which state that the ceaseless concession of powers to the regions (particularly Catalonia) can lead to the eventual breakup of Spain fail to acknowledge that the country is now, effectively, quasi-federal. In

working to co-opt Spain's powerful regions into his political scheme, Señor Aznar can aspire, credibly, to curb their more lurid excesses, thereby taking advantage of this strategic convenience.

Strategic convenience, however, has not got in the way of strategic firmness, as is clear from the Government's laudable handling of the Basque terrorist problem. Jaime Mayor Oreja, the Interior Minister, has refused to bow to Basque nationalist demands for the transfer of convicted Eta terrorists to jails in the Basque country. By his insistence that the prisoners must stay dispersed for security reasons, Señor Mayor has obviously risked alienating the Government's Basque allies.

But in refusing to yield on this issue, the Interior Minister has made it plain that concessions cannot always be made, even by a Government which must win Basque friends and influence Catalan people.

Good European determined to be in the vanguard

As Spain changes tack in the EU, Tunku Varadarajan examines the new Government's foreign policy

Writing recently in *ABC*, the oldest of Spain's newspapers, Fernando Rodríguez, a Professor of International Relations at Madrid's Universidad Autónoma, described Spain's foreign policy as one guided by "a new ambition". His phrase serves as an invaluable starting point, capturing as it does the mixture of assertion and aspiration that defines Madrid's external relations.

The European Union, of course, is at the centre of Spain's foreign policy. In many ways the country is "a good European". For historical reasons, there are fewer Eurosceptics per square mile in Spain than in any other major EU nation. After years of isolation under General Franco, which not only "left Spain behind" but also saddled the country with a peculiar inferiority complex in its dealings with "advanced Europe", Spaniards are now determined to run with the best in Europe, however punishing the pace.

This is nowhere more obvious than in the Government's pursuit of economic and monetary union. Spain's chances of being in the first tranche of single currency countries are not outstanding, but such prognoses seem only to have increased the tenacity of José María Aznar, the Prime Minister, and Rodrigo Rato, the Deputy Prime Minister, in charge of the economy. Meeting the convergence criteria is seen as an acid test of the country's "seriousness". Not only did Señor Aznar rebuff an offer by Romano Prodi, the Italian Prime Minister, to form an Italo-Spanish lobby for a softening of the convergence criteria, he also boasted to the world that he had done so.

He was pilloried by many commentators in Spain for his "undiplomatic" behaviour towards Signor Prodi, but they were wrong. The Spanish Prime Minister knew what he was doing: he was letting it be known that Spain was simply not interested in any "Club Med" manoeuvres on EMU. "Spain is now a serious place", was his message to the markets.

Whereas the previous Socialist Government was under the German umbrella within the EU — due largely to the eagerness of Felipe González, the former Prime Minister, to please Chancellor Helmut Kohl of Germany — the Aznar administration has gravitated perceptibly towards France. Señor Aznar speaks French, and has been



French connection: President Chirac has courted José María Aznar, the Prime Minister, assiduously

courted assiduously by President Chirac. Franco-Spanish relations have never been better, and Madrid has reaped important benefits as a result.

In exchange for a loose assurance to back France on EU issues, Spain has received unprecedented co-operation from the French Government in the fight against the

Basque terrorist group Eta, many of whose members have hide-outs in the Basque region of France. Several recent arrests of Basque terrorists by French police have

served to cement this new bond between Madrid and Paris.

Equally, Franco-Spanish proximity has ensured that the North African Maghreb countries have received closer strategic attention from Brussels than was previously the case.

Señor Aznar's much-touted "Atlanticism" has found expression in Spain's recent decision to integrate its armed forces into Nato's military command structure. Aware that its economic clout is relatively small, Madrid has learnt instead to emphasise its not insignificant military capacity. The Spanish presence in the United Nations peacekeeping force in Bosnia has been followed by Spain being one of the first countries to put troops on stand-by for humanitarian intervention in Zaire.

While the differences in foreign policy between this Government and the last are mainly ones of nuance, Cuba is an area where radical changes in policy have occurred.

Señor Aznar had a notably frosty encounter with Fidel Castro at the Ibero-American Heads of Government summit in Chile, and the Spanish Government has tolled hard to convince its European partners that the Cuban dictator must be stripped of EU trade and aid advantages.

The Helms-Burton law, however, is a different matter, penalising private businesses in Cuba, and the Spanish Government has joined the near-worldwide condemnation of "American extra-territorial pretensions".

Bilateral relations with Britain remain occasionally troublesome, largely because of the contentious themes of fisheries and Gibraltar. The question of "quota hoppers" — Spanish fishing vessels flying a British flag of convenience, and thereby depleting Britain's rightful fisheries quota — continues to embitter the British Government. Recent intertemporal interventions at EU fisheries meetings by Lryola de Palacio, the Spanish Minister for Fisheries and Agriculture, vividly illustrate the gulf that remains between the two countries.

The unresolved dispute over Gibraltar, too, shows no sign of improvement. Regrettably, Abel Matutes, Spain's plodding Foreign Minister, has shown little diplomatic finesse in his handling of the Rock.

Why the Press gang fails to inspire the public's interest

Spain's national newspapers are serious, biased and little read

There is a strong contrast between the British and Spanish press. Britain is a country of many national newspapers, with a high percentage of the adult population reading them. Spain is a country with only three national newspapers and fewer readers than in any other major European country. Tunku Varadarajan writes.

Only 10 per cent of adult Spaniards buy a newspaper every day, while a healthier 33 per cent read one daily. By contrast, 40 per cent of adult Britons buy a newspaper, and a remarkable 86 per cent read one every day. How does one explain this difference? The answer does not lie, of course, in Spanish literacy rates, which are up to the highest European standard. Instead, it lies in the nature of the newspapers themselves, which would seem to shed light on the matter.

The Spanish press can be infuriating. No where else in the democratic world do newspapers strive so hard to "improve" their readers, and do so little to entertain them. News and opinion are often blended together, and it is rare to find a story without some degree of "spin" on it. At the forefront of the fight for the restoration of democracy 20 years ago — a fight in which the Spanish press engaged with skill and intelligence — newspapers today are unsure of their role in a society which now has little time for contemplation and takes its liberties for granted.

Although most Spanish newspapers adopt the tabloid format, none is "tabloid" in the British sense. Anglo-Saxon-style tabloids have been launched, and have failed, a reflection as much on the errors of their editors as on the cultural tastes of Spain's non-intellectual

classes. The latter are simply not instinctive readers — not even of low-brow newspapers — and prefer to glean information from radio and television. In any case, the traditional Spanish working-class interests of football and "celebrity-watching" are catered for by specialist newspapers such as *Marca* and magazines like *Hola*.

Ideology distinguishes the three national newspapers. Although only 20 years old, *El País* claims to be Spain's leading newspaper. A delightful paper visually, its columns are often ponderous evocations of "progressive" philosophy. Closely identified with the former Socialist Government, its daily circulation is a little over 400,000.

ABC, the oldest of the three, is Spain's most conservative newspaper, with a daily circulation of about 330,000. Monarchist and Roman Catholic, it is also elitist in its treatment of cultural themes. The newspaper's opponents accuse it of knee-jerk, right-wing responses, and there is some truth in the contention that a kind word for the former Prime Minister, Felipe González, has never been printed on its pages.

The third national newspaper, *El Mundo*, is the youngest, founded in 1990. Few newspapers can be identified so closely with their editor as *El Mundo* is with the streetwise Pedro J. Ramírez.

Pooh-poohed by its critics as "sensationalist", it is the closest of any in Spain to a British newspaper and commands the largest readership among young adults. Mention must be made of *La Vanguardia*, in many ways Spain's most poised newspaper. Mainly because it is published in Barcelona, it fails to sell as well across Spain as it deserves.

With his courage and his common sense, King Juan Carlos has retained the loyalty and affection of the Spanish through difficult times

Very model of a modern monarch

There are two areas in which King Juan Carlos has made a significant contribution to Spanish life over the past two decades. The first is that of foreign policy. Juan Carlos has been exceptionally active in this area, needing to make up for almost 40 years of relative international isolation, imposed on Spain as a result of the non-democratic nature of the Franco regime.

Monarchs have traditionally been regarded as excellent ambassadors because of their ability to represent and identify with their countries. This is particularly true of Juan Carlos, who is viewed abroad as the protagonist of a highly successful democratising process which has enabled Spain to play an increasingly prominent international role.

The monarchy has also proved extremely useful in helping to keep the new semi-federal Spanish state united. Democratic Spain is a "nation of nations", a country where almost a quarter of the population habitually speak languages other than Spanish.

Today Juan Carlos has become one of the world's most respected heads of state, as well as being extremely popular with his subjects. His standing both at home and abroad is generally attributed to his remarkable contribution to the establish-

ment and consolidation of democracy in Spain in the wake of General Franco's death in November 1975.

Above all, it was the King's brave performance on the night of February 23, 1981, when he aborted a military coup staged by a handful of die-hard Francoists, that won the hearts as well as the minds of his fellow countrymen.

Since then, the consolidation of Spanish democracy has gradually allowed the King to adopt a lower political profile, and to settle into a role not unlike that of other European monarchs. Close ties with other royal families greatly facilitated this task, as was evident in the state visit to Britain in April 1986, during which he became the first European monarch to have addressed the assembled Houses of Parliament.

Although the monarchy is probably marginally less popular in the Basque country and Catalonia than elsewhere, the King has often been successful in defusing tensions between Madrid and the regions and in underpinning the loyalty of moderate peripheral nationalists to the Spanish state.

The remarkable popularity of the Spanish royals is partly attributable to the King's skill in matching the size and style of his monarchy to Spain's needs

and possibilities. Although, at first, the prospect of becoming King of a country that had overthrown his grandfather in 1931 filled Juan Carlos with apprehension, he was very fortunate to be able to start afresh. His decision to live at La Zarzuela Palace, a building not unlike the Prime Minister's own residence, rather than in the massive Royal Palace in Madrid, which is only used for state occasions, is most telling.

As the king himself has jokingly remarked, unlike the Duke of Edinburgh he has never had to worry about his tea arriving cold because of the vast distance between the kitchen and his private apartments.

Spaniards on the whole believe their monarchy to be good value for money. In 1996 taxpayers provided the *Casa del Rey* (royal household) with a budget of about £5 million a year, much of which is intended to cover its running costs.

The rest goes towards the "salaries" of the King, the Queen, Crown Prince Felipe and the King's two daughters, which are freely determined by Juan Carlos. The Spanish royals pay income tax and have relatively little inherited property or wealth of their own. Their lifestyle is comfortable rather than luxurious.

The king and queen, who both love

sailing, spend their summers in Palma de Mallorca, and go skiing in the Spanish Pyrenees during the winter.

Until the late Eighties the Spanish media showed remarkably little interest in the royals' private lives. This has often been attributed to the political importance of the King's role during the early years of his reign, and the media's reluctance to undermine it.

In addition, Queen Sofia, Prince Felipe and the infantas have generally shown remarkable discretion and commonsense. In the early Nineties, however, Juan Carlos's private life — and that of his heir — came under increasing scrutiny to the extent that some observers feared Spain had been infected by the British malaise.

However, the political problems plaguing Spanish life in recent years have been so severe that the press is once again exercising considerable self-restraint, allowing the King to get on with a job which most Spaniards still see as vital to the well-being of their country.

CHARLES POWELL

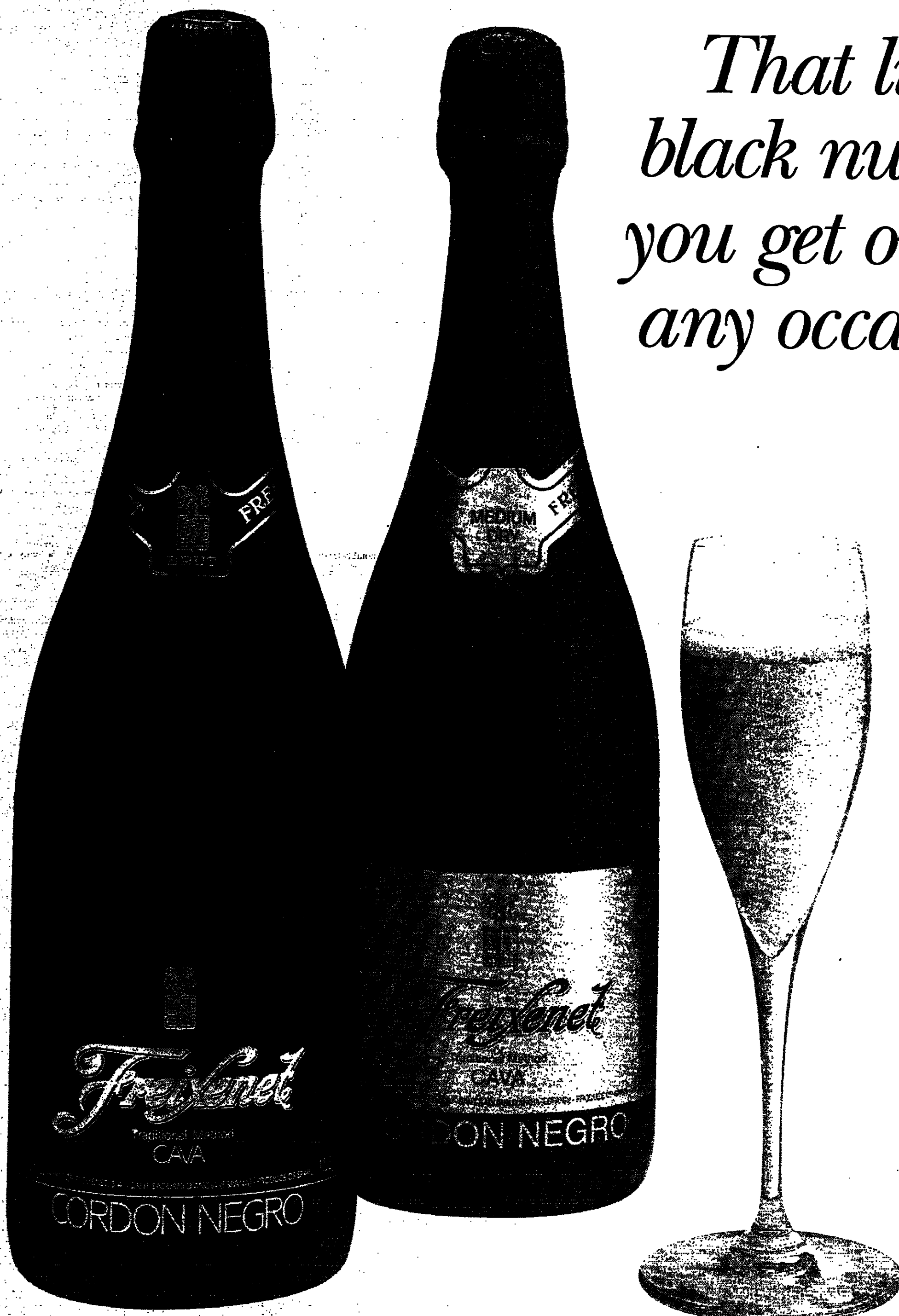
Charles Powell, an historian, is the author of *Juan Carlos of Spain, self-made monarch* (St Antony's Macmillan, London, 1996).



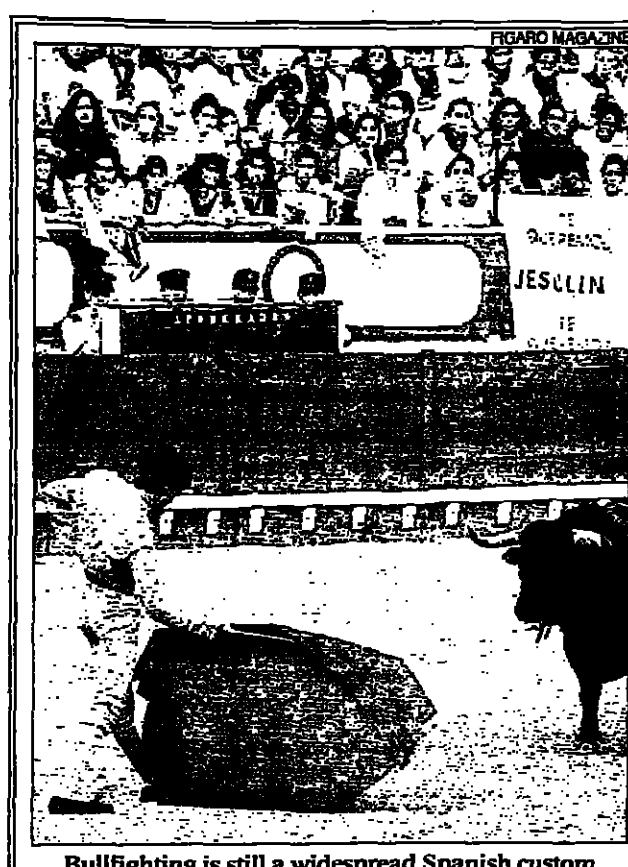
The King with Crown Prince Felipe: a comfortable, not luxurious, lifestyle

Freixenet

*That little
black number
you get out for
any occasion.*



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Bullfighting is still a widespread Spanish custom

Making up for lost time

CULTURE

Spain has changed, more profoundly perhaps than even the Spaniards themselves dare to believe. Crossing into the country from France, or flying in from Heathrow, one is struck not so much by the difference in Spain's efficiency and infrastructure as by its powerful likeness to the rest of Europe. Brash, gleaming and up-to-date, the country now takes its modernity for granted, arguably for the first time in its erratic history.

That has not, of course, prevented Spaniards from clinging tenaciously to some habits which will always distinguish them from other peoples. Bullfights are alive and well (although the bulls' horns are now frequently blunted), siestas are still taken in the countryside and long, languid lunches are eaten every day from 2.30 to 4.30, even by those in professions which work to "modern"

deadlines. But young Spaniards are taller than generations past. They drink more beer and less wine, speak foreign languages, travel abroad to places such as India and Namibia, go to church only occasionally, pay less heed to flamenco music, kiss and cuddle in public, and eat hamburgers.

More profoundly, Spain today has a new self-esteem. The "democracy generation", unlike its predecessors, has no sense of being second best. Membership of the EU, and a string of free elections, have brought confidence to Spanish society.

Spain also boasts today that most perverse of modern status symbols, an illegal immigration problem. After decades of being a country of emigrants, Spain has now joined the small band of

countries in which the "huddled masses" of the Third World aspire to live. Proximity to North Africa has brought a steady flow of "wetbacks", men and women from the Maghreb, Nigeria, or Equatorial Guinea, who risk their lives in flimsy boats trying to cross the Strait of Gibraltar.

This immigration has its ugly face. Although Spain is still a tolerant society, racism has grown and it is not uncommon to hear pejorative references to *moros* and *sudacas* — Moors and South Americans — on whom all crime tends to be blamed. Dark-skinned foreigners are sometimes assaulted by *cabezas rapadas*, or skin-heads, and frequently frisked by police.

Yet in other respects, Spain has seen the entrenchment of healthy trends. Women have

never been as well-educated and as widely employed as they are today. Besides, they wear short skirts, dye their hair, smoke, and are liberated from the old sexual taboos. While *machismo* is not a thing of the past, the Spanish male is now no less enlightened than his counterparts in other Western countries.

Within a single generation, Spain has achieved a remarkable degree of equality between the sexes. This has led to some unfortunate side-effects, of course. Spain's birth rate has plummeted and is today, at 1.2 babies per mother, the lowest in the world. Political modernity has brought a widespread rejection of religion. In this, as in their aspirations and *cultura generale*, the "new Spaniards" are now part of the European mainstream.

TUNKU VARADARAJAN



Flamenco is now less popular than disco dancing

Pack your suntan cream and slippers

BRITONS IN SPAIN

The "swallow season" is just beginning. About 400,000 Britons will be wintering in the warmth of Spain as usual, escaping from the low temperatures and high heating bills back home.

David Alexander, the British Consul-General in Madrid, estimates that there are about 200,000 Britons who own property in Spain and live there permanently. "Considering the size of the community, there are relatively few problems," he says. "They live in harmony with the Spaniards, who have a live-and-let-live attitude and no deep-seated antagonism towards Britons."

John Seth-Smith, the honorary British Consul in Benidorm, says the most common problems are associated with the language barrier and property purchases.

David Searl, an American journalist who has settled on the Costa del Sol, writes the bible for ex-pats, *You and the Law in Spain*. He warns people coming to Spain with the intention of buying a property and perhaps settling on retirement not to "leave their brains at the airport when they arrive. Many

ignore the simplest rules about house or apartment purchase."

Contrary to popular opinion, some expatriates are far from stand-offish. Joan Hunt, 67, from Brentwood in Essex, has just been voted Personality of the Year on the Costa del Sol by an overwhelming number of readers of the English edition of the local *Sur* (South) newspaper. "I used to come to Spain on holiday with my husband Fred, and when back at work, would think 'wouldn't it be lovely to live in Spain one day?'" she says. They did just that when she retired from a senior post at Berger Paints and Fred quit his job as an electrical engineer.

"In 1984 we sold our house and came to Fuengirola with our dog and our furniture," she says. "I don't think anyone is prepared for the culture shock of trying to get things done. We suddenly found ourselves facing a lot of paperwork and bureaucracy, but it was the way of life and we had to adapt."

"If you're going to change your life, you have to be prepared to change lots of things. I attended Spanish lessons but at first they went in one ear and out the other."



Sun, music and food and drink whenever you want it: the relaxed life attracts many Brits to Spain

I'm still learning, but I can get by." Basil Cudlipp-Green, 73, is a former world ice-skating champion from Brighton who lives in Denia. His great strength and wicked sense of humour helped him to beat

cancer after he had moved to Spain with his female companion, Paddy. "I wanted a change of life," he says. "I bought a boat, sailed out here 23 years ago, liked it and stayed. I got a bit fed up here and

started coaching youngsters in Madrid and Victoria. A prophet in another country does very well. The Spaniards have a fantastic feeling for music, but their temperament is more fiery than the British. When

they are good, they are very good indeed. When they are interested in something, the *matana* system does not apply."

He spent a year back in Britain fighting off his cancer. After his recovery, he bought a 24ft sailboat and brought her back to Denia.

"The first appeal of Spain is the climate," he says. "Then the relaxed way of living. I like to have a brandy and coffee at five or six in the morning. If I want friends here are so much more close-knit. They are all adventurers who have packed up from England to come and live here, so they take time to look after each other."

Many older people who retire to Spain suffer problems of illness they had not anticipated. For Mrs Hunt, tragedy struck in 1991 when Fred became ill and was diagnosed with cancer. "When you come out here to live, everything is good. But suddenly, when you've got a problem, you feel a little bit alone in a strange country," she says.

After her husband's death, she founded Cudeca to care for terminally ill cancer patients. "You know," she says, "there are some very tragic cases out here."

EDWARD OWEN

Airlines boost the travel industry

TOURISM

Spain has benefited from an unexpected increase in the number of tourists this year. This coincides with greatly increased competition on all air routes, greater profits by hotel chains and considerable private investment at the top of the market.

This good news is spelt out by government figures showing that the number of visitors in the first nine months of the year increased by 8.7 per cent to 33.5 million. In the first eight months net income increased by 7.7 per cent to 1.9 billion pesetas (£9.5 billion). The all-round increase came as EasyJet and Debonair opened up new budget routes between Britain and Spain; Virgin launched European connections and Iberia and Air Europa battled for clients.

For the first time, Spaniards can fly within their country for near-sensible fares. But all airlines are suffering damaging delays at the busiest airport, Barajas in Madrid, which is being expanded. Tourists on domestic routes, especially around the Balearic and Canary Islands, are now starting to fly in British-built aeroplanes. Air Europa, the leading independent airline in Spain, is flying the first ones acquired in a \$30 million deal with British Aerospace.

The state-run chain of Parador hotels, mainly located in historic buildings, increased its profits fourteenfold to £3.5 million last year. But it resuscitated plans to sell off a clutch of loss-making establishments. Sol Media, the biggest hotel group, which was partially floated on the stock exchange in July, announced a 32.6 per cent increase in profits to £22.5 million for the first nine months of the year.

This month the Hotel Termes Montbrío, a hotel, spa and conference complex, opened near Tarragona. The £75 million investment by an Andorran company has produced a 150-room complex set in 40 acres, only the second four-star hotel on the Costa Dorada. Joan Arimengol, managing director of the Roc Blanc Group, its owners, says: "We think the future of tourism lies in appreciating nature, giving space to breathe fresh air and enjoying tranquillity."

The regional government in Tenerife hopes to sound the death knell for larger louts by moving tourism in the Canary Islands towards business conventions and luxury holidays. Pedro Quintana, director of the Government's Tenerife Convention Bureau, says that the opening of three new convention complexes, together with a fourfold increase in luxury hotels, is changing the island's image.

British residents, fed up with timeshare touts and muggings, particularly welcome the opening of the Mare Nostrum complex at Arona, not far from the Playa de Las Americas resort in the south of Tenerife. Five luxury sea-front hotels are grouped around the new "Eramide" convention centre, which can seat 2,000 people. Anna Maria Luyckx, a commercial director at the Eramide de Arona, says: "Delegates are one minute from the beach and close to Los Cristianos port."

Earlier this year, Tenerife opened one of Europe's largest concert and fairs halls. With plans to expand the two airports, Señor Quintana hopes the 300 congresses the island welcomes will increase and "enrich Tenerife".

EDWARD OWEN

Labour laws are the biggest challenge

Edward Owen reports on expected growth and lower inflation

Bankers are cautiously optimistic. Businessmen say the general trend is upwards, financial analysts think the new Government is being pragmatic, and the stock exchange is at a record high. The Spanish economy is slowly but surely coming out of the doldrums.

As usual, the pace will quicken only if it does so in the rest of Europe. But all the forecasts for next year show further growth — 2.5 per cent or more compared to 1.9 per cent this year — and lower inflation, below the target of 3.5 per cent set for 1996.

Last week Luis Angel Rojo, governor of the Bank of Spain, told the Senate budget committee: "It is most desirable that Spain joins the group of countries founding monetary union." He was optimistic that inflation would drop to 3.3 per cent this year but said it might be tormented by salary increases.

"The Government is coping reasonably well on the fiscal side for the challenges of 1997, although I'm sure it is not ambitious enough," says Henrik Lomholdt, chief economist with the Bank of America in Madrid. "More reforms, not just spending cuts, are needed."

"The economy is not showing signs of recovering in a big way, although the growth

rate this year is still better than in the rest of Europe."

The governing Popular Party's first budget decreed a wage freeze for civil servants, cutbacks in public spending, the raising of \$23 billion (£13.7 billion) through privatisation of industries, labour reforms, transfers to the autonomous regions and incentives to industry.

Although consumer confidence has yet to be restored, yet another good year for tourism has boosted revenues in the expanding services sector, which accounts for about 60 per cent of the economy.

Most analysts agree that one of the biggest challenges the Government faces is to reform Spain's labour laws — which are probably the most protected and regulated in Europe — through a new social contract.



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Pegasus takes flight as the complete footballer

If the goal had been scored by one of the legion of Premiership exotics — say, Vialli, or Juninho — we would all have been raving: gee whiz, that continental flair! Why can't we produce players like that?

Or if the goal had been scored by one of our precious home-grown talents, Giggs or McManaman, we would have been loudly defiant: see, we British can produce the goods! Despite our austere tradition, real footballing talent can flourish on this island.

But the goal that settled the North London derby between Arsenal and Tottenham Hotspur last Sunday was scored by Tony Adams. The archetypal Arsenal donkey. Roaring out of defence on an immaculately timed run and cracking a quite stunning left-footed volley into the net. It

took a deflection — whether that was decisive or not we will never know — but the point was the optimism, the man's confidence in his footballing skill and the immaculate striking of the ball.

Tony Adams: the complete footballer! What a concept. Adams has, for most of his long and really rather distinguished career, been famous for his limitations. He has made himself into a footballing archetype. He has always been the stopper centre-half, the utterly pragmatic defender. The brutal side of the beautiful game.

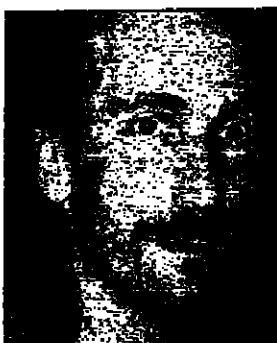
His lack of softness of touch was more or less endearing, at least to Arsenal supporters. When he played for England, he was considered, well, jolly tough and red-blooded and so on — but also, just a little bit of an embarrassment.

All centre-halves get called donkeys, that is part of footballing tradition, but Adams has made himself the donkey. So what was he doing acting like, well, not quite like a thoroughbred, but like a Dutch warmblood, anyway?

Adams rose to eminence under the management of the now-departed Arsenal manager, George Graham. Under his influence, and you suspected by his own inclinations, Adams perfected the role of donkey gloriosus. You stand tall and you shout a lot. You make massive defensive headers. You tackle like a steel trap. And if the ball comes close to those things on the end of your long legs, you hoof it upfield. Let the midfielders sort it out: that is what they are paid for.

For corners and free kicks, you trot upfield and make mayhem in the air. Heading

SIMON BARNES



Midweek View

winning goals is the art that elevates the donkey to divine status. Adams's other great talent was running away from attackers with his hand in the

air like a small boy asking for permission to leave the classroom. Please sir, the opposition is offside again.

"Boring, boring Arsenal," the opposition roared, but no supporter is ever bored by success and Adams performed his unvarying routine of studious pragmatism while the opposition supporters brayed their echoes of derision at him. Unmoved.

We respect a specialist, even while deriding him. We suspect virtuosity. If a singer produces a painting, a sportsman makes a record or a writer turns to a new genre, the cry goes up at once: "Don't give up your day job! Oi, you! Leonardo! Stop messing about with those madonnas and get back to designing siege engines! Stick to what you're good at!"

Yet Adams has suddenly,

almost at a stroke, turned himself into the renaissance man of football. The new Arsenal manager, Arsène Wenger, has told him that the self-imposed shackles that have marked his entire career are mere illusion. You are a footballer, sir: go out and football.

Success is a terrible thing. It limits ambition. Achieve success and you no longer desire this man's gift and that man's scope. You can do something right. That is precious and you do not dare to change it. You do not change a winning side, or a winning formula, just as you never close a show that is making money.

Adams has indeed changed. Is this, then, some kind of Indian summer? Or does he think now: "What could I have been, had I been free? Could I have been a second Bobby

Moore? The English Beckenbauer? Could I have been more than a very good specialist? Did I have greatness in my grasp and chose instead a limited excellence? Did I sell out to my lesser gift?"

It is a question that assails anyone who has achieved any sort of limited eminence, whose success has been achieved by means of discipline and self-imposed limitation. But life is lived by looking forward, not back, and Adams has found new depths to his footballing freedom. Do the sudden footballing freedoms he displayed so joyously on Sunday reflect the greater freedoms of his private life, the joys of an addict in the process of saving his own life? One hopes so, for it was a wonderful sight: Adams taking flight. Pegasus. The donkey soaring on his eagle's wings.

Challenger replaced for Dodson contest

ADRIAN DODSON, from Islington, the World Boxing Organisation No 1 light-midweight, has a change of opponent for the defence of his inter-continental title at York Hall, Bethnal Green, tonight. Instead of meeting Rodolfo Aguilar, of Panama, he faces Anthony Joseph, of Trinidad. Joseph does not have the experience of the Panamanian, having had only ten contests, of which he lost only five. He had met the best in the world, including Julio Cesar Chavez and Freddie Randall, but a week ago it was discovered that he had retired.

Rhinos advance

Rugby league: St Helens are now the only one of the 12 Super League clubs without a nickname after the unveiling of the newly titled Leeds Rhinos. The name was selected by a public ballot. The Huddersley club also announced the signing of Richie Blackmore, the New Zealand centre, from Auckland Warriors, as a replacement on their overseas list for Kevin Iro, who has joined Hunter Mariners in the Australian Super League.

Steelers triumph

American football: Mike Tomczak's 20-yard touchdown pass to Ernie Mills with little more than two minutes remaining lifted Pittsburgh Steelers to a 24-17 victory over Miami Dolphins on Monday. After the reserve quarterback and utility man, Kordell Stewart, had kept the drive alive with a vital run for a first down, Tomczak threw for Mills to take his first touchdown pass of the season.

Faldo tees off

Golf: Nick Faldo, the Masters champion, will begin his pursuit of Europe Ryder Cup team points next year in Australia by playing in the Johnnie Walker Classic in January, organisers of the event said in Sydney yesterday. The 1997 PGA European Tour begins with the tournament at Hope Island in Queensland from January 23-26.

England expect

Basketball: England will be hoping for a considerable improvement from Spencer Dunkley when, with European championship points at stake, they face Estonia in Tallinn tonight. The meagre six-point contribution from the 6ft 11in centre against Latvia last month was about a quarter of that expected by the national coach, Laszlo Nemeth.

Bray recovers

Real tennis: Chris Bray, the Petworth professional, and the Australian amateur, Mike Happpell, recovered from 4-1 down in the final set to defeat the favourites, Mike Gooding and the Harbour Club professional, Lachie Deuchar, in the final of the British Land British Open doubles championship.

Australia victory proves value of positive thinking

FROM ALAN LEE, CRICKET CORRESPONDENT, IN BRISBANE

BRISBANE (final day of five): Australia beat West Indies by 123 runs

THE difference, as Mark Taylor confirmed by word, action and demeanour, is in the mind of the individual. Until recently, Australia's cricketers merely hoped they might beat West Indies and personally they were disappointed. Now they know it can be done and, what is more, believe it will happen again and again.

For once, it is Australia who are defending supremacy between these teams and they could not have made a better start. Although it took them until the final hour yesterday, victory in the first Test at the Gabba was gained emphatically, confidently, even a shade arrogantly. In one respect, Australia won despite their captain's tactics rather than because of them.

Taylor conceded last night that part of his reasoning when he startlingly declined to enforce the follow-on was a wish "to give all the bowlers a day off". Put another way, he was so sure of the outcome that he acted like a jockey taking a pull before putting his horse's head in front on the line.

Courtney Walsh, the West Indies captain, said he was "surprised" to be spared batting again on Sunday after the collapse in which seven wickets were lost for 28. "It took a bit of the pressure off us," he said. Taylor need no longer concern himself with this. To all intents, his method worked and he has taken the high ground, materially and psychologically.

"I think mentally it turned around for us in the Caribbean last year," he explained. "I don't underestimate the West Indies, but I know we can beat them now and there is a very positive mood in our team."

This mood may be enhanced in the coming week, for the second Test starts, in

Sydney on Friday, before the point on this one is dry. The word is that the Sydney pitch will be thinly grassed — indeed, that it sports a conspicuous bare patch at one end — and Australia have reacted by adding a second leg spinner, Peter McIntyre, to a squad in which Greg Blewett replaces Steve Waugh, who is injured.

The general expectation that this initial match would be won by leg spin proved misguided, or so the statistics would suggest. Shane Warne took only one of the nine remaining wickets to fall

SCOREBOARD

AUSTRALIA: First Innings 478 (A Healy 181 not out, R T Ponting 88, S R Waugh 86, C A Walsh 4 for 112). Second Innings 217 for 6 dec (M E Waugh 57).

WEST INDIES: First Innings 277 (C L Hooper 102, S Chandrapaul 82, P R Plafie 4 for 56). Second Innings 113.

S L Campbell bow to Bevan 113. R G Samuels c Taylor b Warne 29. S C Lara c M E Waugh b Reiffel 44. C L Hooper c Healy b Bevan 23. S Chandrapaul b McGrath 14. (C Adams bow to Warne 14).

(C O Browne c Healy b McGrath 20. R Bercop c Ponting b Bevan 24. C E L Anderson c Warne b McGrath 7. K G G Benjamin bow to McGrath 1. C A Walsh not out 1. Extras (b 8, lb 3, nb 7) 18.

Total (108.5 overs) 298. FALL OF WICKETS: 1-34, 2-118, 3-154, 4-187, 5-202, 6-211, 7-281, 8-283, 9-285. BOWLING: McGrath 29.5-12-60-4; Kasprowicz 13-2-28-0; Warne 41-16-52-2; Reiffel 9-0-58-1; Bevan 14-3-46-3.

Man of the match: I A Healy. Umpires: S G Randall (Australia) and C J McKinley (South Africa).

yesterday and finished with the unflattering figures of two for 92. His influence on the day, however, was somewhat greater than that.

Warne bowled 31 overs yesterday for 58 runs, but as Ian Healy, his wicketkeeper, said later: "Shane gets us wickets at the other end because batsmen can't get him away and they have to look for their runs somewhere." Enter Michael Bevan.

Bevan can bowl serviceable medium pace, but it was his wrist spin that was required

yesterday and he profited on the back of Warne's frustration. In 14 overs containing far more good balls than bad, Bevan took the wickets of Hooper, Bishop and, finally, the gallant but unavailing Campbell, who had batted almost seven hours for a century that deserved better support.

Walsh insists, straightforwardly, that West Indies set out yesterday morning with victory in mind, but if they were ever going to defy history and reach a target of 420 they needed something substantial from Brian Lara. Instead, he added only 15 before driving ambitiously to give Mark Waugh a routine slip catch off Reiffel.

Hooper and Chandrapaul fell either side of lunch and, when Warne won a leg-before appeal against Adams as he stretched forward, the end seemed imminent. Browne and Bishop, however, offered stoical company to Campbell.

Warne appeared to have removed Campbell with a catch at silly point, unanimously acclaimed by the Australians, but umpire Randall thought otherwise and it was Bevan, an over later, who took the seventh wicket and opened the gate to the tail.

McGrath's pace and intelligent use of the yorker accounted for two more wickets, while Campbell fell leg-before to a quicker one from Bevan and shuffled off looking crestfallen and exhausted in equal measure. He had no cause to chastise himself, for without him this would have been no contest.

Even as it was, West Indies failed to reach 300 against Australia for the tenth successive innings. The equilibrium of their dressing-room seems good but it is to be severely examined now, for they are up against an Australian team no longer shackled by the insecurity or inhibitions of old.



Australia have victory in sight as Campbell is out leg-before to Bevan for 113 yesterday

Forecast clouds tour optimism

FROM SIMON WILDE IN HARARE

THE England cricketers arrived here yesterday at the start of their first Test tour of Zimbabwe and found the weather, of one sort or another, the main topic of debate. Michael Atherton, the captain, is under it, having brought with him a bout of influenza, while the threatened arrival of the rainy season has put a dampener on the prospects of play during the six-week visit.

The players were permitted to rest yesterday after their overnight flight from London before a full day of practice at the Alexandra Sports Club. Atherton will not join the session unless his condition

has improved considerably. England play their first match, against a Districts XI, on Saturday.

What opportunity England have to play remains to be seen. It rained for most of last week here, while Bulawayo, which stages the first international fixture on December 15, saw three inches of rain fall yesterday. More is forecast. Zimbabwe's rainy season normally starts in November and can sometimes last for three months.

Jason Gallian hopes to prove his recovery from a cracked bone in his right index finger and play for England A in their one-day

match against Australian Capital Territory in Canberra tomorrow.

Allan Donald is doubtful and Jonny Rhodes definitely out of the second Test of South Africa's tour of India, which starts in Calcutta today. □ Martin Spight, the Sussex batsman, yesterday became the latest player to concede that he wants to leave the troubled county. He wants to return to wicketkeeping. Alan Wells, depoted as captain last season, is considering an offer from Kent.

□ Northamptonshire yesterday signed David Felleit, the former Middlesex fast bowler, on a two-year contract.

SNOOKER

Confident Williams marches on

By PHIL VATES

MARK WILLIAMS, an unrivalled candidate for the game's most improved player, confirmed that status by completing a 9-4 victory over Nigel Bond, the No 5 seed, in the third round of the United Kingdom championship at Preston Guild Hall yesterday.

Williams, who unlocked the door to total self-belief by winning the Grand Prix title in Bournemouth last month, has been suffering from gastric flu in recent days but, despite feeling below par, he has refused to allow this to become a handicap.

Bond was 6-2 adrift overnight after finding it impossible to contain Williams during the opening session on Monday. "Mark's playing as well as anyone in the game right now. He pots balls for fun and if he carries on playing like this, I can't see anyone beating him," Bond said.

Williams, who compiled breaks of 77, 90, and 91 in laying the groundwork for victory, lost two of the first three frames on the resumption. But Bond's hopes of producing a full-scale recovery were quickly extinguished.

A run of 60, constructed in typically swashbuckling fashion, put Williams 8-4 ahead before he applied the finishing touches to a ninth consecutive win in a world ranking tournament with a 124 clearance.

Williams, 21, of Wales, is overawed by no one and oozes confidence. "At the moment, I don't think I'm going to miss. A couple of years ago, I couldn't seem to beat the top players, but something has just clicked," he said.

In the quarter-finals, Williams will play either Tony Drago, of Malta, or John Higgins, the world No 2 from Scotland. Drago looked the more likely winner as he entered the concluding session of their third-round encounter last night holding a surprise 6-2 advantage.

Paul Hunter, who made four century breaks during his 9-5 victory over James Wattana, the No 12 seed, in the second round, led 3-2 against Terry Murphy, who beat Ronnie O'Sullivan in the first round.

Take away (in a somewhat dull, mathematical way.)

Take away (in an almost sensual, beautifully bottled way.)



Bass

HAND PULLED SINCE 1777. IN PINT BOTTLES SINCE 1996.

After this, fear of flying is hardly kids' stuff

There are many things. I'm ashamed to say, that brighten the life out of me, but right at the top of my list of personal terrors are two things — aeroplanes and small children. Put them together and you have my worst nightmare (stop kidding the seat in front, Casper, can't you see the gentleman is terrified). Keep them apart and you have... two of my worst nightmares.

What makes an aeroplane stay in the sky? What makes a four-year-old behave properly? I do not know and sadly, after two hours careful viewing last night — or as careful as you can be when watching through your fingers from behind the sofa — I still don't know. I remain, therefore, a frightened man.

Given its title, it was pretty clear that the answer to question one, as far as *Black Box* (Channel 4) was concerned, was "not enough". So it proved, with plane after plane

failing to defy the laws of gravity. Well, what do you expect if you stick several hundred tons of aluminium 30,000 feet up in the sky? That it would fly?

The documentary, which I assume was American-made, reminded me of two things. The first was the old joke about the black box — if it always survives a plane crash, why don't they make the whole plane out of the same stuff? The second is the current controversy surrounding David Cronenberg's terrible little film, *Crash*, about folk who get their kicks from car crashes. They would love *Black Box*.

I had everything. Lingering video footage of wreckage fields, computer simulations of doomed flights and all too real crash-test dummies picked up from the cockpit voice recorder. "We're going down, Larry," Larry knew that.

That particular flight ended up in the frozen Potomac river, where

we were treated to more lingering video of the pathetic attempts to rescue a handful of survivors. The doomed-lad operation helpfully identified a woman struggling in the icy water who, as well as being temporarily blinded by kerosene, "had left her husband and baby behind in the plane". As much as the subject matter, it was this voyeuristic quality to the film that made it so unpleasant.

In between the "aw, shit" bang that heralded the end of so many members of the National Transportation Board popped up to hold forth in that eloquent way that Americans seem to find so easy — while they're safely on the ground. "The bottom line," warned the gravel-voiced Rudi, "is if you've got on the airplane, you're probably gonna die."

We also met Greg, self-proclaimed "tin-kicker" and driver of



Matthew Bond

"Crash 1" who thought that putting what he described as "the puzzle" back together again was the greatest job in the world. It was tough, but he was the man to do it, oh yes sirree. "Once you have smelt an accident site, you never forget it." Now there's something those Singapore girls never tell you.

At least Roger Grief found some grounds for optimism as he

parked his cameras on the walls of Marlborough House, a Wiltshire day unit for what most of us would describe as problem children. The staff talked about children with behavioural problems, not learning difficulties. The camera, for New York's first Breaking the Cycle (ITV), revealed a bunch of hyperactive, aggressive little monsters. Or at least that's what they were when they went in.

When they came out several one-day-a-weeks and much screaming, wailing and gnashing of milk-teeth later they were... well, I think they were much improved, although at times it seemed the improvement owed as much to skilful editing as it did to the hard work in the classroom.

Grief's narration described the unit as being a place where the but, if he had been watching *Panorama* recently, he would know that appearances can be deceptive. The BBC found a very

similar unit in Liverpool, which meant that much of the method used in the Wiltshire centre — rewarding good behaviour, ignoring bad — was already familiar.

The BBC's use of hidden cameras a few weeks ago had made it impossible not to judge the parents of the children involved. Grief, however, although his cameras did visit a couple of homes, echoed the teaching system by not apportioning blame. That didn't stop us watching at home, of course, using the tried and trusted technique of trial by social stereotype. How good a mother could you be if your one-year-old daughter already had pierced ears? Answer? As good as your endlessly whining four- and six-year-old sons allow you to be.

At the end of an hour, I wasn't sure how much closer I was to answering my question about how to make small children behave properly. The fly-on-the-wall technique had served up half-answers — maintaining eye contact was important at some points, just as avoiding it was crucial at others. But which? And what about those much-talked-about but little seen "physical prompts"? How physical did they need to be? But, I suppose, half-answers are better than none.

Problem children don't come much more problematical than poor, mad Joe in *EastEnders*, which shows no sign of pausing for breath, or indeed credibility, after David's tearful departure. Grant married, Phil drinking the dishwasher, Peggy in danger of waking-up in the concrete foundations of Wallford fly-over. Cilla in the Sanjay way... the storylines go on and on. But please, before any of them go any further can we resolve Joe? If I hear Lorraine say "he's been a bit down recently" just once more, I'll do something drastic. Bubble-wrap the television.

REVIEW



Matthew Bond

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BBC1

6.00am BUSINESS BREAKFAST (78027)

9.00 BBC BREAKFAST NEWS (78069)

9.00 BREAKFAST NEWS EXTRA (78069)

9.20 SPORT CHALLENGE (104802)

9.45 KNOT COOK (780178)

10.30 KNOT COOK (780178)

11.00 NEWS (780100)

11.15 THE REALLY USEFUL SHOW (491000)

11.45 SMALLER PEOPLE (780200)

12.00 NEWS (780100)

12.05pm POLICE RESCUE (282534)

12.55 THE WEATHER SHOW (5181222)

1.00 NEWS (780100)

1.30 REGIONAL NEWS (14911718)

1.40 NEIGHBOURS (78022718)

2.00 SNOOKER: UK Championship David

2.00 SNOOKER: UK Championship David

3.50 CHUCKLEVISION (7801027)

4.10 The Queen's Nose (7801027)

4.30 The Queen's Nose (7801027)

4.50 NEWS (780100)

5.35 NEIGHBOURS (780100)

6.00 NEWS (780100)

6.30 REGIONAL NEWS (331)

7.00 SMALL TALK presented by Robert

7.30 THE NEW AND NOW Sue Lawley and

8.00 HOW DO THEY DO THAT? Eamonn

10.55 SPORTS NIGHT Des Lynam introduces

12.35am FILM: Distant Thunder (1988)

2.25 WEATHER (775577)

BBC2

6.00am OPEN UNIVERSITY: Relative Risks

6.30am OPEN UNIVERSITY: Relative Risks

6.50 The Chemistry of the

7.15 See Hear Breakfast News (8005334) 7.30 Peris of

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CHOICE

Inspector Morse: The Daughters of Cain

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6.00am GMTV (1445889)

9.55 SUPERMARKET SWEEP (1057621)

9.55 REGIONAL NEWS (2873718)

10.00 THE TIME... THE PLACE (57447)

10.30 THIS MORNING (24875824)

12.20pm REGIONAL NEWS (7801973)

12.30 NEWS and weather (7417843)

12.55 SHORTLAND STREET (4782534) 1.25

Coronation Street (780195) 2.00

Home and Away (780195) 2.25

Cross Wits (780195) 2.50

Vanessa (780195) 3.20 NEWS (780195)

3.25 REGIONAL NEWS (4774008)

3.30 TOTS TV (3284388) 3.40 The Singing

Kettle News (7107060) 3.50 Zzzap!

(8904195) 4.10 Antimatter (4742039)

4.15 Fantomcat (780195) 4.40

Matt's Million (4754824)

5.10 WHEEL OF FORTUNE (705553)



CRICKET 52

West Indies found wanting in a test of nerves

SPORT

WEDNESDAY NOVEMBER 27 1996

RACING 53

Dublin Flyer looks equal to challenge of Grand National



Jenkins loses his place in team as veteran is recalled at stand-off half

Davies returns to call the tune for Wales

By DAVID HANDS, RUGBY CORRESPONDENT

EIGHT years ago Jonathan Davies shrugged his slim shoulders and turned his back on Welsh rugby union, a sport that he felt had turned its back on him. Yesterday the nation embraced him once again upon his return to the red jersey bearing No 10, which he will wear for the 28th time against Australia, in Cardiff on Sunday.

Selection completes a remarkable journey for Davies, 34. In 1988 he had returned from a disastrous Wales tour to New Zealand eager to outline, for the benefit of the Welsh Rugby Union, his ideas for a better future: he received short shrift, he was criticised for his play — not least when the team he led lost to Romania during a dark December afternoon in Cardiff — and a month later he went to rugby league.

That code made the little man from Trimsaran, who was first a member of the Welsh national squad as long ago as 1984, a giant of rugby. His career with Widnes, and later Warrington, carried him to a dozen Great Britain appearances, not least against the Kangaroos at Wembley in 1994 before the professionalisation of rugby union allowed him to return home.

Not that anyone who saw his debut for Cardiff against Aberavon just over a year ago would have predicted a recall to the national team. Shunted hither and yon in the Cardiff back division, Davies's evident discomfort was compounded by the serious illness suffered by his wife, Karen, and yesterday Davies revealed that Ken Williams, his stepfather, underwent an operation for cancer of the bowel last week.

"This will mean a lot to my family," Davies said, when a team showing three changes

from the XV that started against Italy six weeks ago, was announced.

"It might be the turn of luck my family needs. Karen is good at the moment and I hope she will be proud of me. When we heard the decision we just looked at each other and laughed."

Davies wins the place at stand-off half ahead of Neil Jenkins and is joined in the side by Iwan Evans, fit again after injury, and another player returning from rugby league, David Young. It will be Young's fifteenth cap at prop after a six-year career with Leeds and Salford before he, too, joined Cardiff at the start of this season. Scott

remains strong. "When I came back to Wales it was harder for me than when I went north because of all the expectation," he said. "When I went to Widnes everyone said I wouldn't make it. When I came back to Cardiff I had to play everything down."

In addition to being the playmaker, Davies takes over the goalkicking role from Jenkins, for whom he had great sympathy. "Neil has been kicked so many times over the years that I am sure he will be back," Davies said, of a man whose points-scoring achievements have frequently stood between Wales and even more defeats than they have recently endured.

However short-term the decision may be, it is clearly designed to develop the confidence of a Wales side that, this season, has beaten the Barbarians but lost late on to France and only achieved the shakiest of wins over Italy in Rome. Wales have two other games, against South Africa and the United States, before opening their five nations campaign against Scotland on January 18 and will surely retain Davies over that period, or his experience and expertise will be wasted.

England, against whom Davies opened his international career in 1985, have named an unchanged XV against the New Zealand Barbarians, at Twickenham on Saturday. Although Ben Clarke is fit enough to be included among the replacements, the management felt that Chris Sheasby's performance at No 8 against Italy last weekend deserves another opportunity. Jason Leonard and Andy Gomersall have recovered from minor knocks.

Although progress has been made, I still think we need better game control, game awareness and decision-making," Kevin Bowring, the coach, said. "Jonathan has the knack of doing the right thing at the right time, he has played particularly well for Cardiff during the Heineken Cup and I am sure he can offer his experience to the national side."

Although Davies has talked of retiring at the end of this season — despite an expressed ambition to tour with the British Isles next summer — his appetite for the game

WALES XV

W Proctor (Llanelli), I Evans (Llanelli), G Thomas (Bridgend), S Gibbs (Swansea), D James (Bridgend), J Davies (Cardiff), R Howley (Cardiff), C Loader (Swansea), J Humphreys (Cardiff, capt), D Young (Cardiff), H Taylor (Cardiff), G Llewellyn (Harlequins), D Jones (Cardiff), K Jones (Edinburgh), S Williams (Northampton).
Replacements: N Jenkins (Pontypridd), P Jelen (Pontypridd), C Christie (Swansea), C Quinnell (Richmond), L Mullan (Cardiff), G Jenkins (Swansea).

Gibbs retains his place at centre.

Not that anyone who saw his debut for Cardiff against Aberavon just over a year ago would have predicted a recall to the national team. Shunted hither and yon in the Cardiff back division, Davies's evident discomfort was compounded by the serious illness suffered by his wife, Karen, and yesterday Davies revealed that Ken Williams, his stepfather, underwent an operation for cancer of the bowel last week.

Although Davies has talked of retiring at the end of this season — despite an expressed ambition to tour with the British Isles next summer — his appetite for the game



Davies is delighted yesterday after being named in the Wales team to play Australia. It will be his 28th cap.

Back finds place in Andrew's team of all talents

NEIL BACK, the Leicester flanker who disgraced himself at the Pilkington Cup final last season, was given a chance to erase his most painful memory yesterday, when he was named in the Barbarians team to face Australia at Twickenham on December 7. In May he received a six-month suspension for pushing over the referee, Steve Lander, after Leicester had lost against Bath to a penalty try.

Back has his club to thank for securing his place in the star-studded Barbarians side, which contains 13 full internationals, including the All Blacks, Ian Jones and Norm Hewitt, in the pack.

Leicester have agreed to release Back from their first division fixture against Northampton because they consider it important for him to have happier memories of Twickenham after serving his ban. Back's Leicester colleague, Darren Garforth, also plays, as does the Northampton centre and Scotland captain, Gregor Townsend, after an agreement between the clubs over freeing players.

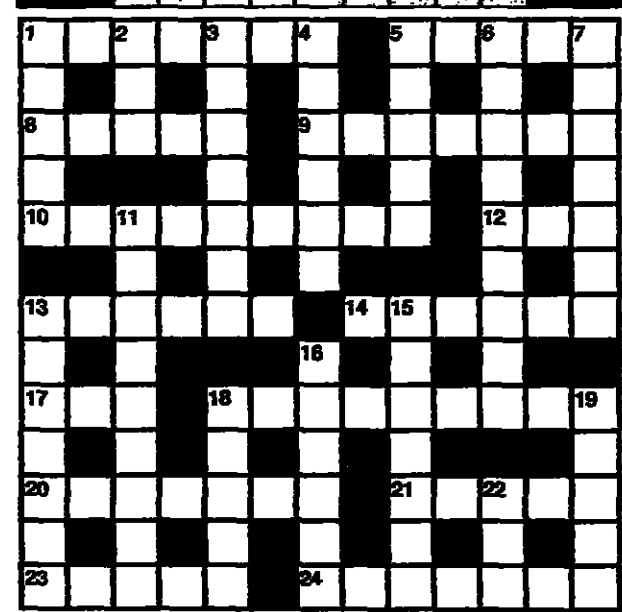
The Barbarians have taken advantage of there being no second division programme on the day of the match and have chosen seven players — all internationals — from Newcastle and Richmond, including the Quinell brothers, Craig and Scott. Rob Andrew, who retired from international rugby a year ago, will captain the side and Tony Underwood, who is out of the England squad, will welcome the chance to appear in a big match at Twickenham.

The gate receipts will amount to £1.75 million, from which the still amateur Barbarians will receive £30,000. The bulk of the money will be split four ways by the home nations and the Rugby Football Union will receive a fee for staging the match.

The Barbarians' sponsor, Scottish Amicable, will pay £300 to youth rugby for every try scored by their side. This arrangement has produced £83,400 since 1990.

BARBARIANS: T. Stewart (Newcastle and England); N. Back (Leicester and Wales); A. Gomersall (Richmond and Wales); G. Townsend (Northampton and Scotland); T. Underwood (Newcastle and England); R. Andrew (Newcastle and England, captain); R. Howley (Cardiff and Wales); N. Hewitt (Leicester and Ireland); M. Hansen (South London, New Zealand); D. Garforth (Leicester); S. Quinnell (Richmond and Wales); C. Christie (Richmond and Wales); I. Jones (North Harrow and New Zealand); N. Back (Leicester and England); D. Mullan (Pontypridd).

TIMES TWO CROSSWORD



No 950

ACROSS

- 1 Word for word: a misprint (7)
- 5 Civilian dress; Muslim authority (5)
- 8 16-men-a-side game (5)
- 9 Thane, sleep-walking wife (7)
- 10 Grande (9)
- 12 Centre of activity, wheel (3)
- 13 Automaton: a living dead (6)
- 14 On the sea (6)
- 17 Extinct NZ bird (3)
- 20 Generally agreed view (9)
- 21 Slow, languid way of speech (5)
- 23 Dragonfly larva (5)
- 24 Crusader knight (7)

SOLUTION TO NO 949

- ACROSS: 1 Poky 3 Stockpot 9 Nasal 10 Rhubarb 11 Regatta 12 City 14 Cheese 16 Cloche 18 Oboe 19 Regalia 22 Operating 23 Spoke 24 Snowfall 25 Feet
- DOWN: 1 Pinprick 2 Kiss goodbye to 4 Turban 5 Council 6 Practical joke 7 To be 8 Clot 13 Decadent 15 Sheriff 17 Frugal 20 Gust 21 Loss

SOLUTION TO TIMES TWO CROSSWORD 945

In association with BRITISH MIDLAND

- ACROSS: 1 Diminutive 3 Viaduct 9 Swine 10 Daub 11 Frontier 13 Spear 14 Testy 16 Preamble 17 Croc 20 Lathe 21 Crusade 22 Dead letter
- DOWN: 1 David 2 Measurements 3 Nouns 4 Entire 5 Disunity 6 Civil servant 7 Pearly 12 Premiere 13 Supple 15 Sliced 18 Clear 19 Juice

1st PRIZE of a return ticket travelling economy class to anywhere on BRITISH MIDLAND'S domestic or international network is J. Hone, Sharnford, or Banbury, Oxon.

2nd PRIZE of a return ticket to anywhere on BRITISH MIDLAND'S domestic network is A. Cornie, Havant, Hampshire. All flights subject to availability.

Consortium gives Clark new hope for the future

By RICHARD HOBSON

THE prospective owners of Nottingham Forest, the club propping up the FA Carling Premiership, say that they will not seek to displace Frank Clark, the manager, as they attempt to avoid relegation into the Nationwide League.

However, with an unenviable quintet of fixtures approaching, culminating in a visit to Old Trafford on Boxing Day, Forest could find themselves marooned by the time the new regime is able to give Clark money to spend in the transfer market.

A locally-based consortium, headed by Sandy Anderson, a multimillionaire, and supported by the club's directors, will give Clark up to £13 million to spend if their takeover bid is accepted by 70 per cent of the

209 shareholders at an extraordinary general meeting that is likely to take place on December 23.

Anderson watched Forest draw 2-2 against Blackburn Rovers on Monday evening, when Colin Cooper equalised in injury time. The fact that Clark had to switch Cooper from defence into midfield, in the absence of the injured Gemmell, Bart-Williams and Stone, underlined the make-do-and-mend approach that the manager has had to adopt.

"We are in a situation where we have to make the right decisions on signing the right players," Anderson said yesterday. "That is our priority."

Indeed, recognising the urgency of the predicament, the former Partick Thistle player

wants to discuss the future with Clark even before the bid is approved.

"I'm sure Frank has some excellent ideas on which way the club has to go," he said. "I cannot make judgments on his situation by sitting in the stand, miles away from the issues. I need to know what conditions he has been working under and how he has been asked to operate."

Before tackling Manchester United, Forest face the Premiership's top four — Wimbledon on Saturday, followed by Newcastle United, Liverpool and Arsenal. In between, Clark will begin to sound out potential new signings.

He intimated recently that he was scrutinising the Scandinavian market, and failed to sign Dalian Atkinson, the former Aston Villa and Sheffield Wednesday forward, from Fenerbahce, the Turkish side, on loan. With money becoming available soon, he may attempt to bring Stan Collymore back from Liverpool or pursue his long-standing interest in Dean Holdsworth, the Wimbledon forward, and Alan Thompson, the Bolton Wanderers midfielder.

Anderson is yet to reveal the role he envisages for himself and his three partners at the City Ground — Nigel Doughty, a merchant banker, Charlie Scott, who works in advertising, and Tim Farr, an existing shareholder.

"We are all supporters who want to do something to help," Anderson said. "We have some of the best business acumen and yet we live locally with a strong sense of allegiance to Nottingham Forest."

Stewart on parade for national service

By OUR SPORTS STAFF

JACKIE STEWART will have a whole country behind him when he re-enters the world of Formula One motor racing next season. The former-world champion's new team, Stewart-Ford, will be sponsored by Malaysia.

Mahathir Mohamad, the Malaysia Prime Minister, said: "This is the first time a nation state, as a whole, has become directly involved in sponsoring a world motor sport at its highest level."

His country's involvement was, he said, part of a continuing campaign to gain approval for its bid to stage a grand prix in 1999, which was being hampered by an identity crisis that has reached global proportions.

"There are still many who think Malaysia is in China or even Africa, just because Malawi is there. There are others who say Malaysia is near Singapore, but we want people to say Singapore is near Malaysia," Mahathir said.

The two Stewart-Ford cars will be adorned with the sponsor's national flag and an emblem imploring spectators at the racetrack, and millions of television viewers, to "Visit Malaysia".

Malaysian involvement in motor racing is not a new phenomenon. The country's national oil company, Petrolim Nasional (Petronas), has already entered into a five-year sponsorship deal with the Switzerland-based Sauber team.

Nannini fights back, page 54

MORSE

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